



REGULATED INDUSTRIES COMMISSION

**Corporate Strategy
and
Work Programme
for
2010 - 2014**

May 2010

CONTENTS

	Page
EXECUTIVE SUMMARY.....	1
1. INTRODUCTION.....	2
1.1 RIC’s Functions.....	2
1.2 Purpose and Goals.....	3
1.3 Values.....	5
1.4 Brief Review of Activities up to 2009.....	6
1.5 Outline of this Document.....	7
2. CHALLENGES.....	8
2.1 Independent Regulation and the Role of Government/Shareholder..	8
2.2 Transparency and Accountability.....	10
2.3 Ensuring a Fair Deal for Consumers.....	13
2.4 Complexity of Regulation in State-owned and Run Utilities.....	15
2.5 Sanctions and Enforcement.....	17
2.6 Changing Sector Structure and Expansion of the RIC’s Role.....	17
2.7 Building a Strong and Sustainable Organization.....	18
3. STRATEGIC DIRECTION FOR THE PERIOD 2010-2014.....	20
3.1 Applying an Effective and Credible Approach to Regulating	21
3.2 Demonstrating a Fair and Open Process.....	29
3.3 Protecting the Interests of Consumers and Safeguarding Quality...	31
3.4 Reviewing Legislation to Achieve Greater Effectiveness.....	35
3.5 Managing Resources Efficiently and Effectively.....	37
4. IMPLEMENTATION.....	40
5. RIC’S WORK PROGRAMME, 2010 TO 2014.....	41
Table 1 – Internal Performance Indicators.....	39
Table 2 – RIC’s Work Programme for 2010-2014.....	41
Appendix: RIC’s Organizational Chart.....	46

EXECUTIVE SUMMARY

This Work Programme for 2010-2014 details five (5) strategic priorities that will drive the Regulated Industries Commission's (RIC) over the next five years to meet its objectives and its statutory duties. The Vision, Mission and Core Values articulated in this document establish the foundation on which the work plan has been developed.

The following five (5) strategic directions have been identified as important:

- Applying an effective and credible approach to regulating service providers.
- Demonstrating a fair and open process.
- Protecting the interests of consumers and safeguarding Quality of Service.
- Reviewing legislation to achieve greater effectiveness.
- Managing resources efficiently and effectively.

The first four strategic priorities focus directly on the core business of the RIC, while the fifth revolves around internal processes with the ultimate aim of improving its service delivery and, by extension, the value it provides to the national community.

Finally, recognizing that the true success of any work plan hinges on its ability to be implemented, a Team comprising senior management will monitor the implementation and progress of this work plan.

1. INTRODUCTION

The Regulated Industries Commission (RIC) is required by its Act to prepare and submit, before the start of each financial year, a planned programme of activities and budget to the line Minister. This Plan provides the framework for developing integrated and focused strategies, objectives and a work programme for staff of the RIC over the next five years. The development of this strategic/work plan, therefore, forms the critical basis to the success of the RIC. The document sets out:

- the strategic directions for the period 2010 to 2014;
- the main outputs to be delivered during the period 2010 to 2014; and
- a summary of the routine work of the RIC.

1.1 RIC's Functions

The RIC Act No. 26 of 1998 provides the framework for the economic regulation of the electricity and water and wastewater sectors, including the regulation of prices, customer service standards and performance monitoring. The RIC's core functions, as conferred by legislation, are to:

- advise the Minister on matters relating to the operation of the Act including the granting of licences;
- administer such matters as are required consequent upon the granting of licences;
- carry out studies of efficiency and economy of operation and of performance by service providers and publish results thereof;
- ensure, as far as is reasonably practicable, service providers are able to finance their operations with sufficient return on investment;
- prescribe and publish standards of service being provided by service providers;
- monitor and impose sanctions for non-compliance;
- establish economic principles and methodologies for the setting of rates for services;

- perform periodic reviews of the rating regimes of service providers; and
- investigate consumer complaints and facilitate redress in respect of rates, billing and unsatisfactory service.

Furthermore, the RIC Act places direct functional responsibility upon the Commission to consult with all stakeholders and to have regard to the public interest and in particular to:

- maximum efficiency in the use and allocation of resources and that services are reliable and provided at the lowest possible cost;
- equal access by consumers to service and the fair treatment of consumers and service providers who are similarly placed;
- non-discrimination in terms of service access, pricing and quality; and
- adherence to current national environmental policies.

1.2 Purpose and Goals

The RIC's specific purpose and goals are to:

- Remain independent in its day-to-day operations and free from political influences with respect to its decision-making functions.
- Regulate service providers' prices/tariffs at levels which:
 - enable well-managed service providers to finance the delivery of services consistent with relevant standards and obligations.
 - provide incentive for service providers to improve efficiency and service delivery.
 - share the benefits of any out-performance between service providers and customers.
 - Ensure that tariffs are fair and do not unduly discriminate among classes of customers.
- Protect customers by ensuring the quality and reliability of services and by considering the social impacts of its decisions.
- Operate in such a manner so as to enhance efficiency, certainty, consistency and transparency by openly and transparently publishing information which

allows customers and other stakeholders to have their say in regulatory decisions, while remaining accountable to stakeholders.

- Ensure that it is aware of stakeholders' views and priorities by consulting effectively with customers, service providers and shareholders.
- Handle customer complaints and disputes involving service providers economically, effectively and fairly.
- Monitor the service providers' performance and take action, where and as necessary, to protect customer interests, and to conduct periodic comprehensive reviews of such performance that can inform changes in regulatory strategies.
- Ensure that it delivers best value in its regulatory role by valuing, strengthening and encouraging the development of all its staff.

In relation to the content of its rate determination and recommendations, the RIC is not subject to any external direction, thereby ensuring that it is able to pursue its goals through rational and objective processes.

The RIC's decisions have a significant impact on its various stakeholders and the country at large, that go beyond the immediate revenue impact on the service providers and their customers. Further, it impacts on the investment decisions made by the service providers and by the users of regulated services, particularly industrial customers, which in turn can affect the country's relative competitiveness. Additionally, there are transaction costs involved and these include the operational costs of the RIC and the costs to the service providers of complying with the RIC's regulatory decisions. All these costs are ultimately borne by the country.

Vision

The RIC's vision is:

To be a World Class Regulator

Mission

In recognition of its functions and its appreciation of the economic value it impacts, the RIC's **mission** is:

“To ensure the promotion of the highest quality of utility services at fair and reasonable rates while building a credible regulatory regime that responds adequately to stakeholders’ concerns and also to ensure fairness, transparency and equity in the provision of utility services throughout the country”.

1.3 Values

In pursuing its responsibilities, the RIC is guided by a set of clearly defined values, our understanding of best practice in regulation and the statutory constraints within which we operate. The RIC also recognizes the economic, social and political importance of the sectors it regulates, and the impact of its work thereupon. The RIC is determined, therefore, to pursue its mandate in ways which maximize the prospects of reaching well-founded and sustainable decisions. Our approach is based on research and such evidence as is available. Our work is open to internal and external discussion and scrutiny and we welcome comments so that we might identify the best way forward. In undertaking our activities, we are, therefore, guided by the following corporate values:

- **Professionalism** – exhibiting the highest standards and behaviour with respect to ethics, morals and integrity, both in personal relations and in our work, with emphasis on delivering results in a timely manner.
- **Transparency** – consulting widely and effectively with all stakeholders in an open and transparent manner and making information readily accessible to enable them to understand and to contribute to our decision making process.

- **Fair and Balanced Assessment** – treating all stakeholders fairly and equitably in our dealings and practising consistent behaviour that engender confidence and trust in the RIC.
- **Independence** – being free from external pressure where decision-making is concerned and maintaining independence of our decisions from all stakeholders.
- **Excellence and Performance-focused** – striving for excellence by promoting processes and decisions which are transparent, predictable and consistent by constantly reviewing our procedures to meet international best practice and delivering results in a timely and professional manner.
- **Accountability** – being responsible to the public and Parliament for our actions.
- **Efficiency and Economy** – using resources as efficiently and effectively as possible.

1.4 Brief Review of Activities up to 2009

Since 2005, the RIC has been busily undertaking the work involved in establishing the new regulatory framework in the electricity and water and wastewater sectors with the objective of transitioning the sectors towards full cost recovery and consistent pricing arrangements. Also, there has been increased activity in treating with consumer complaints and this has led to an increase in external expectations as consumers become more aware of the RIC's work in resolving complaints.

Our first Strategic Plan had identified six (6) strategic priorities:

- Regulation of monopoly business
- Customer protection and Social Action Plan
- Corporate image, public awareness and education

- Research and data collection
- Legislation
- Developing the RIC's efficiency and effectiveness.

Important gains have been made in many of the priorities identified during the first five-year period. Among other specific activities completed were the following:

- Completion of reviews of the rates and tariffs for the Electricity Transmission and Distribution and Water and Wastewater sectors;
- Development and implementation of Quality of Service Standards for T&TEC;
- Development of Quality of Service Standards for WASA;
- Development of a performance assessment methodology for T&TEC and WASA;
- Development of Codes of Practice for T&TEC;
- Finalisation of Regulatory Accounting Guidelines and regulatory accounts for T&TEC and WASA;
- Development of a Social Action Plan;
- Completion of surveys of handling customer complaints to gauge staff performance.

1.5 Outline of this Document

Section 2 sets out main challenges.

Section 3 sets out the RIC's strategic directions for the period 2010-2014.

Section 4 explains the RIC's approach to implementing the Work Programme.

Section 5 contains the RIC's Work Programme for the period 2010-2014.

Appendix explains the RIC's Organizational Structure.

2. CHALLENGES

Based on our experience so far, we have identified some key challenges associated with delivering on our mission and realizing our vision. Some of them may impact upon our overall efficiency and effectiveness going forward. We have also highlighted factors which could mitigate any negative fallout. However, the RIC is confident that it will meet all challenges and looks forward to significant progress and development in the coming years. These particular challenges can be broadly grouped as follows:

- Independent Regulation and the Role of Government/Shareholder.
- Transparency and Accountability.
- Ensuring a fair deal for consumers.
- Complexity of regulation in the State-owned and run Utilities.
- Sanctions and Enforcement.
- Changing Sector Structure and expansion of the RIC's Role.
- Building a strong and sustainable organization.

2.1 Independent Regulation and the Role of Government/Shareholder

The preservation of “arms length” independence of regulators (that is, independence from Government in appropriate areas) is essential and fundamental for the long-term stability and predictability of regulation that is fair to all stakeholders. Indeed, only by establishing a secure climate for on-going investment in the sectors, can better service quality and value for money be delivered to consumers.

Broadly, the independence of the regulator means being institutionally separate; with security of tenure, being self-reliant in the sense of seeking and deploying resources; and having the capacity to form judgements and to take appropriate regulatory decisions without relying on Government. Independence does not mean however, that the regulator can ignore the broad policies the Government sets for the sector and not be accountable.

The RIC was created by statute with a clearly defined set of regulatory powers and duties. If it does not act within the ambit established by its legislation, the RIC may be subject to legal challenge. The duties set the framework within which the RIC can exercise its statutory functions and day-to-day tasks in consultation with stakeholders. It is in the nature of regulation for there to be potential conflicts between the interests of consumers, service providers and Shareholder/Government. Independent regulators, through the degree of regulatory independence they possess together with their sector specific expertise, can balance the conflicting interests far more easily than the Government of the day, which faces more short-term political pressures. The regulators are also able to acquire and publish certain information to enable greater stakeholder participation in regulatory decision-making.

In practice the regulator should work closely with Government taking account of relevant Government policy and/or Government statements from time-to-time. There is onus on both the regulator and Government to establish a good working relationship.

The RIC believes that the balance of responsibilities should be changed in a few areas for the RIC to work independently and effectively. Generally, the Minister seems by most international standards to have too much of a regulatory role. At present, there are roles and responsibilities that are not entirely transparent. For example, although the RIC is required under the Act to prescribe and monitor standards for services, clause 40(1)(b)(ii) of the RIC Act empowers the Minister to include license provisions setting “minimum quality and service standards applicable to the service”. Furthermore, these standards must be gazetted but this can only be done on the recommendation of the Minister. This is a protracted process. Similarly, the RIC’s budget approval process by the Minister has been marred by inordinate delays which have the capacity to weaken the RIC’s effectiveness. The RIC’s independence is also constrained by the fact that the Act gives the RIC the power to hire employees under terms and conditions as it deems fit, but stipulates that this must be subject to the maximum limit of remuneration as determined by the Minister. Additionally, while the RIC has the power to “establish the principles and methodologies”, by which rates are determined, the Minister’s duty under its powers

to grant licences and set licence conditions includes setting “the procedures, principles and mechanisms relating to compensation of the service providers”. There has also been an issue of non-implementation of tariffs on time by the service provider. Finally, there is insufficient autonomy in decision-making. Although the RIC Act appears to provide typical guarantees (such as fixed terms for Commissioners and not being subject to removal except for previously established reasons), the Government/Minister continues to exert influence in these areas. The RIC Commissioners are nominated by the Minister, approved by the Cabinet and appointed by the President. In addition, Commissioners have left the Commission, or their terms allowed to expire, when there is a change in Government.

2.2 Transparency and Accountability

The RIC believes that transparency and openness of the regulatory process is the key to ensuring regulatory accountability and legitimacy in the eyes of the stakeholders. The corollary of independent regulation is accountability. The need to strengthen the legitimacy of a regulator’s independent role is done in two different ways. First, is legal or formal legitimacy, that is, ensuring due processes and establishing predictable procedures. In this regard, the RIC, without explicit requirements under its Act, has put in place many transparent processes, as discussed below. Second, and at least as important, is substantive legitimacy, meaning getting the job done via good and appropriate policy-making. Here the RIC has established increasingly transparent and inclusive processes, again in ways not specified in its Act.

Under its statutory framework, the RIC has to account for the exercise of its powers in three respects:

- submitting to the line Minister a budget showing planned expenses and revenues and a statement outlining objectives and planned activities for the coming financial year, which must be laid before Parliament;
- being called before the Public Accounts Committee to account for the economy, efficiency and effectiveness of the use of funds ; and

- consulting with service providers and representatives of consumer interest groups and any other parties having an interest in the matters of prescribing standards and establishing principles and methodologies and reviewing rating regimes.

Transparency of process and effectiveness of consultative mechanisms are the key to ensuring “due process”, embodying the principles of natural justice. Over the life of its existence, the RIC has put in place policies and procedures to enhance transparency and accountability. Key actions taken by the RIC to improve the transparency and accountability of its work include:

- holding public consultations, workshops and seminars for all stakeholders on all important issues, both prior to and during consultation on policy proposals and Price Determinations;
- publishing consultative documents on all important policy issues prior to reaching any regulatory decisions, and giving respondees an opportunity to comment on the comments of others;
- giving feedback to respondents and publishing reasons for regulatory decisions;
- publishing Information papers on important issues;
- engaging the services of international consultants to analyze investment plans of service providers;
- obtaining and making information available;
- publishing guidelines on how the RIC works for the benefit of customers and those with complaints;
- publishing consumer booklets on key issues;
- clarifying and simplifying response times to complaints and enquiries;
- greater use of the Internet (website) for providing access to information/documents; and
- regular publication of data showing the type and number of complaints received and resolved.

In addition, the RIC is now planning further measures to improve the openness and accountability of its work, including:

- consulting all stakeholders on the strategy and direction of its forward work programme (e.g. this document);
- establishing an External Stakeholder Panel to focus on consumer and technical issues;
- mandating service providers to employ the use of Independent Reporters¹;
- establishing capital programme Monitoring Group; and
- directing service providers to undertake market research/surveys. This can be an invaluable source of representation and objective feedback on consumer views and aspirations with regard to utility services.

If regulation is to promote consumer interest as its primary task, then regulators must have effective consumer feedback mechanisms. Regulators need as many channels of communication with consumers as possible, in order to get a plurality and balance of views and to ensure that specific interest groups are not left out. One important source of feedback would be the establishment of Consumer Service Committees. Although the establishment of the Consumer Service Committees are provided for in the RIC Act, their establishment is the responsibility of the Minister and no such committee has been convened to date.

The question as to how much involvement consumers should have in the regulatory process is engaging the attention of many regulators. Different ways the consumers are involved in the regulatory processes include:

- **ex ante involvement** where consumers views impact on regulatory decisions.

The examples of this form of involvement include:

- the establishment of Independent Advisory Panels;

¹ The Reporter is to be recruited by the service provider by an open and competitive tendering process (but approved by the RIC) and will be responsible for the review and scrutiny of all aspects of information submission to the RIC.

- direct negotiations between consumers and service providers for Capex and Opex requirements through “Constructive Engagement”; and
 - support for investment decisions through willingness-to-pay surveys.
- **ex post involvement** where consumers can appeal against regulatory decisions. Although few examples of this exist internationally, consumers in Trinidad and Tobago wishing to contest decisions of the RIC can do so by filing for judicial review at the High Court.

Recently, there has been increased interest in the forms of constructive engagement that can be applied. In fact, some countries have taken this process a step further by having ‘**negotiated settlements**’ between consumers and service providers with the regulator playing a much reduced role.

The RIC believes that an opportunity should be taken to amend its statutory duties in respect of consumers in two ways. First, although the RIC has put consumers at the centre of its activities, there would be value in making the RIC’s **statutory duty to promote the interests of consumers its primary duty**. The RIC already has a primary duty under Section 6(1)(c) of the Act to ensure that service providers are able to finance the provision of their services. Such a change would not put the service providers at risks. Second, the RIC should be given appropriate enforcement and investigative powers with respect to standards/conditions of supply of services and consumer complaints.

2.3 Ensuring A Fair Deal for Consumers

Getting the best possible deal for consumers in terms of quality and value for money is one of the objectives of the RIC. In fact, the RIC Act places direct functional responsibility upon it, as the RIC is required to have regard, in particular, to:

- equal access by consumers to services and the fair treatment of consumers;
- non-discrimination in terms of service access, pricing and quality; and

- maximum efficiency in the use and allocation of resources and that service are reliable and provided at the lowest possible cost.

A fair deal for consumers can be ensured by:

- balancing consumer and service provider interests;
- ensuring quality of service for customers; and
- regulation that is fair to all consumers.

2.3.1 Balancing consumer and service provider interests – In an uncompetitive market, regulation of a monopoly/dominant firm needs to balance consumer and shareholder interests. This balance is achieved, primarily, through the setting of price/revenue caps to ensure reasonable prices for customers, compatible with the need for an efficient operator to have the opportunity to earn a reasonable rate of return but on the assumption that the operator achieves a demanding level of efficiency improvements. The experience with T&TEC so far shows that the expected efficiency gains are not being achieved and, as such, consumers are unlikely to benefit, in the form of lower prices, as discussed in section 2.4.

2.3.2 Ensuring quality of service for customers – The quality of service has been improving, at least in the case of T&TEC, in a number of areas, as a result of action taken by the RIC in a number of ways, including:

- through the establishment of guaranteed and overall standards;
- through the establishment of Codes of Practice;
- through the collection and publication of performance indicators;
- through monitoring consumer complaints to the RIC and taking action as necessary with service providers to prevent recurrence of the cause of the complaint;
- through working with service providers so that they meet performance reporting requirements; and

- establishment of policies in key areas, for example, capital contributions, damage appliances, etc.

The main areas where customers have concerns about service quality appear to be on softer “customer service” issues such as complaints handling by the service providers, long delays in responding to queries, etc. The response of the service providers to address the quality of service in totality has been less than adequate largely due to the lack of enforcing powers of the RIC.

2.3.3 Regulation that is fair to all consumers – There are many different types of customers and a regulator should ensure a fair deal to all customers. Currently, pursuant to its powers, the RIC has ensured that customers throughout the country are charged the same price i.e. there is no discrimination between customers in different parts of the country. This is particularly important for residential customers. The RIC has also established Codes of Practice in a number of areas, thus ensuring the levels of service customers can expect and how complaints are dealt with. Although the RIC has put special measures in place for disadvantaged customers, these have proven inadequate and insufficient. However, the RIC believes that establishing the precise measures for these customers is, essentially, a matter of social policy best dealt with by Government.

2.4 Complexity of Regulation in State-owned and Run Utilities

A major factor contributing to the complexity of regulation in State-owned and run utilities is the failure of service providers to improve efficiency and reduce costs (i.e. the issue of incentivising a State-owned utility).

As is emphasized by the Act, the RIC utilized incentive regulation (i.e. RPI-X form of control) as the most effective mechanism to control prices/tariffs charged to consumers. The RIC had considered the arguments for different types of price control (RPI-X, profit

sharing, rate of return, etc.) The RIC had sought to apply the RPI-X price control in a manner that maximizes the benefits of this approach by:

- providing the service provider with strong incentives to improve efficiency and reduce costs;
- allowing the benefits of expected efficiency gains to be passed to consumers in the form of lower prices;
- applying the control over a five-year time period to enhance the incentives for achieving efficiency gains;
- the use of mainly sector specific indices which were seen as more appropriate than the broad ranging Retail Price Index (RPI);
- focusing price control protection on low income residential customers; and
- setting a control such that the service provider's expected rate of return was brought in line with its cost of capital.

Furthermore, in price control reviews, the RIC has taken account of service providers' proposed levels of investment and tried to link this investment to particular outputs, since incentive regulation should focus on outputs rather than inputs, if it is to be effective. The RIC has sought to manage the detailed allowed investment programme, including other specific directives, to ensure the delivery of the service provider's non-price obligations to customers. The RIC had also ring-fenced capital projects that were to be fully financed by the State and undertaken by the service provider on behalf of the State. In the case of T&TEC, having started these projects, the service provider has had to divert tariff revenues to finance them, as Government failed to provide the promised funding. Tariff revenues should only be used to support the undertaking of the RIC's allowed projects that result in improved benefits and services to customers.

Similarly, outstanding public sector debt to service providers is a major concern and issue, which has serious implications for the cash flow of service providers. Despite extremely high levels of receivables, service providers are reluctant to disconnect Government related entities and implement the late payment charge instituted by the RIC.

The RIC had supplemented the incentives inherent in the RPI-X form of regulation with other mechanisms to improve performance. But a key cornerstone for improving the performance of State-owned and run utilities is strengthening the governance framework within which the entity operates. However, most of the proposals in this area have to be implemented by the State/Shareholder, as the RIC currently has no authority to implement these proposals. Therefore, unless these proposals are implemented and a proper institutional framework necessary to secure effective regulation is put in place, there will be limited success for improving performance and reducing cost of services.

2.5 Sanctions and Enforcement

The RIC has powers under the Act to acquire the information needed from service providers to carry out its statutory functions. The RIC also has powers to publish this information. These powers have been successfully utilized on many occasions. However, the RIC's present policy of greater disclosure has not proved totally adequate, as at times, service providers have requested their information not to be published on the grounds of "commercial sensitivity" or otherwise. Although there may be certain valid reasons in certain instances, the RIC believes that its powers to publish information should be wide enough to make it easier to publish information in the interests of consumers.

Additionally, there are major concerns with the lack of power to force service providers to furnish information in the form and within the stipulated timeframes and to follow through on recommendations/decisions concerning the resolution of specific customer complaints. Consequently, there is a strong case for enforcement powers to be incorporated into primary legislation, including greater investigative powers.

2.6 Changing Sector Structure and Expansion of the RIC's Role

The Government of Trinidad and Tobago is taking steps to create two independent and separate entities in the water and wastewater sector, one dealing exclusively with water and another with wastewater. If this policy is pursued, the RIC will have responsibility for regulating these separate entities. This will require separate rate reviews for each

entity. The RIC will also need to monitor the effects of the introduction of two separate entities in the same sector and ensure consistency in approach, thereby increasing the complexity of regulation that will result from this growth in entities in the same sector. This would obviously create additional work for the RIC, as separate information demands increase. If it is to achieve the best regulatory outcomes for each separate entity it regulates, the RIC must have access to sophisticated research and analysis, and be able to identify and adopt best practice regulatory approaches and processes.

Additionally, it appears that the Government intends to more closely regulate the activities of the monopoly provider of mail services, TTPOST, and that the RIC is being proposed as its regulator. Based on its experience in regulating network monopolies, the RIC stands ready to accept such a challenge since it believes that it is well-placed to so do.

Given the increasing complexity and volume of work outlined above, it will be more challenging for the RIC to reach and maintain a position at the forefront of regulation. It may necessitate the expansion of the RIC's staff, at least in a few areas. Currently, the RIC's financial flexibility is limited, reducing its ability to meet additional, unbudgeted activities. As indicated above, the budget approval process would require some adjustment for the RIC to operate efficiently and effectively.

2.7 Building a Strong and Sustainable Organization

The achievement of the RIC's vision to be a world class regulator and be at the forefront of regulation, will become even more difficult than before, given the increasing intricacy and magnitude of work to be undertaken. Achieving the best regulatory outcomes, would require the RIC to adopt best practice regulatory approaches and processes and have access to sophisticated research and analysis. However, the RIC's ability to realize these goals will depend on building a strong and sustainable organization by:

- continuously reviewing the profile of the work force, matching skills sets with organizational needs;

- providing systematic training and other skill-building opportunities for staff and becoming a preferred employer through development opportunities; and
- continually investing in the development of systems and services.

According to best practice, the funding of regulators should be independent of the Government and adequate to meet responsibilities competently and professionally. In the past, there were inordinate delays in the approval of the RIC's budgets which have the capacity to weaken the RIC's independence. In fact, in order to avoid embarrassing situations, the RIC has had to resort to the Government for funding. Additionally, the difficulties encountered with adjusting salaries has led to staff retention challenges as well as difficulties in recruiting new staff with the necessary expertise and experience for certain positions. Overall, the RIC's financial flexibility is limited compared to other local regulators and to some degree, arises out of limitations within the RIC Act itself.

3. STRATEGIC DIRECTIONS FOR THE PERIOD 2010-2014

In order to successfully meet its objectives and mandate and deliver our responsibility to all stakeholders, the RIC has identified five (5) strategic priorities that it will seek to achieve over the life of this Plan. The Plan also sets out our priorities for the period which are geared to meeting the RIC's statutory responsibilities. If events trigger additional work, the priorities may need to be reconsidered.

The strategic priorities identified for the five-year period 2010-2014 are:

- Applying an effective and credible Approach to Regulating service providers.
- Demonstrating a fair and open process.
- Protecting the Interests of consumers and safeguarding Quality of Service.
- Reviewing legislation to achieve greater effectiveness.
- Managing resources efficiently and effectively.

The achievement of the above priorities is premised on the RIC's ability to receive its funding in a timely manner, to attract and retain highly skilled and trained personnel, and to implement its decisions independently. Throughout the period of the Plan, the RIC will aim to deliver best value for money by managing its resources efficiently.

3.1 Applying an Effective and Credible Approach to Regulating

One of the primary duties of the RIC is to ensure that the service providers are able to carry out and finance their operations [Section 6(1)(c)]. The RIC does this by establishing prices/tariffs every five years or otherwise as permitted by legislation. Having regard to its statutory mandate, the RIC aims to set price limits which:

- enable efficiently managed service providers to finance the delivery of services in line with relevant standards and obligations;
- provide incentives for service providers to improve efficiency and service delivery; and
- protect customers' interests and provide best value to customers now and in the future.

In conducting its rate reviews, the RIC adopts an open and transparent process and consults all stakeholders by holding consultations, workshops and seminars.

In its commitment to applying an effective and credible approach to regulating service providers in the face of an increasingly complex and sophisticated regulatory environment, the RIC must continuously strive to apply best practice regulatory approaches and ensure that the price determination process remains highly relevant. Some of the strategic actions the RIC will undertake include:

- continuing research and adoption of improved regulatory techniques and approaches;
- continuing monitoring of developments in other jurisdictions;
- continuing provision of more reasoned explanations of decisions;
- participating in seminars/conferences/forums and collaborating with other regulators, where necessary;
- preparing/holding training sessions on important regulatory topics;
- continuing to develop in-house knowledge and peer review;
- making better use of consultants, including the transfer of knowledge and 'know-how', where applicable; and
- continuing monitoring and reporting of service providers' performance.

The following sections describe the projects/activities to be undertaken during the plan period in more detail.

3.1.1 Implementing Price Control Framework

During 2006, the RIC developed and consulted widely with stakeholders on the form of price control (Price/Revenue Cap Methodology) it intended to implement for the service providers under its purview. The Price/Revenue Cap regime has strong incentives to improve efficiency and works fairly well in uncompetitive markets. We have already utilized this regime to undertake reviews of electricity and water and sewerage charges. We will continue with incentive-based price/revenue cap regime for the 2011 periodic review for the electricity sector, as it can provide both the right incentives and stability needed to enable the service providers to finance and deliver future improvements.

- **Evaluation of the Regulatory Framework**

Consistent with our statutory requirements, we currently utilize an ex ante price control framework which uses the building-block approach. This approach assesses expected efficient costs of delivery (including capital costs), depreciation allowances and an allowed return on the regulatory asset base. Although this regulatory framework is likely to be retained, we will conduct a review of the lessons learned from the recent electricity price review and publish our results, early in 2011, for public comment. We will make sure our analysis and decisions are clear. The main areas of in-depth analysis will include:

- the examination of the form of control (price and/or revenue cap);
- the assessment of the building-block components;
- ensuring that the RIC's financing duty under its Act is properly and adequately considered in the regulatory framework, that is, issues relating to the treatment of cost of capital, depreciation, regulatory assets and the assessment of the overall financial strength of the service providers;

- managing and treatment of uncertainty within the regulatory period;
- the length of the price control period itself;
- incentivising State-owned and Run utilities to deliver long-term improvements in output and efficiency;
- effective participation and engagement of customers, engagement with Government and other interested parties;
- developing solutions that bring about best value for present and future customers;
- the ring-fencing of Government funded projects; and
- how the five yearly price setting process affects the continuity of investment in the long-term.

- **Effective Engagement and Accountability**

It is important that our decision-making is consistent and legitimate. It is also important that service providers' plans and delivery are consistent with the interests of existing and future consumers. Early in 2011, our consultative activities will be reviewed to ensure that their effectiveness is continuously improved. We will evaluate all consultations to date and propose improvements to be utilized during the next round of consultations. Effective engagement would be needed if we are to agree to output proposals and other aspects of service providers' plans.

- **Proper Governance Arrangements**

To ensure that service providers have robust, comprehensive and effective economic regulatory frameworks, and strong incentives to improve efficiency, the RIC believes that the current institutional and governance arrangements need to be strengthened. In fact, the effectiveness of the new incentive-based regulatory regime will be enhanced by making appropriate changes to the current governance arrangements, so that all

elements of the economic regulatory framework are consistent and aligned and that benefits are maximized.

The RIC will set out its views on the institutional and governance arrangements that are best suited for bringing about improvements in the sectors regulated by the RIC and will extensively consult with all stakeholders in 2011.

- **Relationship Building**

There is a clear and important role for Government in setting the broad policy and regulatory framework within which the RIC operates. Therefore, there is an obligation on the RIC and Government to establish a good working relationship. In practice, the RIC cannot operate effectively unless it works closely with Government taking account of broad Government policy and Government statements from time-to-time. In order to carry out its work within the overall policy framework, the RIC needs to make timely and effective decisions. The RIC will propose to improve the communication and formal consultations between the RIC and Government/Parliament, within the bounds set by the RIC Act.

- **Research and Data Collection**

An important function of the RIC is the collection and compilation of data and the research and publication of information with regard to studies of efficiency and economy of operation and the performance of service providers on all aspects of regulation. Research into the areas of regulation and utilities' operations as prescribed by the RIC Act will be expanded and the findings published. The main objective of this activity is to access all relevant materials that could enhance the quality of the RIC's decision-making and in general the exercise of the RIC's functions under its Act. There will be heavy concentration on analysing and evaluating the technical, economic and financial performance of the service providers,

and monitoring directives set by the RIC. Among the activities to be undertaken will be:

- the production of quarterly/annual reports on standards of services/directives set by RIC;
- reports on levels of service by utilities;
- publication of annual tariff structures and charges;
- monitoring and reporting of financial performance of utilities;
- studies of efficiency and effectiveness of certain procedures, for example, billing, purchasing, etc; and
- monitoring external databases/information that can be compiled internally and used to enhance the body of knowledge available to the RIC staff.

All of these activities will enhance the ability of the RIC to regulate the service providers effectively.

- **Licensing**

Those service providers which existed and were operational immediately before the commencement of the RIC Act are deemed to be licensed and authorised by the Act to provide the services described in the RIC Act. In collaboration with the line Ministry, the RIC will provide clear guidelines and a minimum set of generic conditions for inclusion in the licence. A licence issued in accordance with Section 40(1) of the Act should set out, *inter alia*:

- the form of price regulation;
- the service standards applicable to the service, including the compensatory payments in cases of breach of the established standards;
- Codes of Practice to treat with various aspects of the utilities operations, including; methods of dealing with customers in

default, debt recovery and disconnection procedures and policies;
and

- broad procurement procedures and policies, commitment to open and public tendering.

Monitoring and Analysis of the Performance of Service Providers

To ensure that consumers are provided with a very high quality of service, the RIC will monitor and analyse the performance of service providers. Accordingly, a number of activities would be undertaken on a continuous basis.

- **Quality of Service Standards**

Quality of service standards for the Electricity Transmission and Distribution Sector were first implemented in 2004, for a period of three years. The RIC conducted a review of the standards in 2008. These were revised and subsequently gazetted in December 2009. Similarly, the standards for WASA have been finalized and are to be published in the Gazette by the relevant line Minister.

The RIC will continue its close monitoring to ensure that the service provider is achieving the targets set. The service provider will be required to supply quarterly and annual performance reports, which will be analysed and published by the RIC. In this way, the public would be able to gauge the utility's performance.

The RIC's objective with respect to quality of service and other initiatives aimed at improving performance is to force the utility to operate as a public commercial enterprise, which has the ability to generate revenue for sustainability while providing high quality services.

- **Leakage Performance and Leakage Targets**

For the Water and Sewerage Authority (WASA), the RIC will establish, as part of its performance targets, in the final determination of WASA's rates and tariffs, definite targets for leakage reduction to a level approaching the Economic level of leakage (the level of leakage at which it would be ineffective to make further reductions in leakage). The targets will be published and strictly monitored, and action will be taken in the event of failure to meet the set targets. This exercise is extremely important as any reduction in leakage should lead to an improvement in the security of supply as disruption due to unnecessary repairs is minimised. It could also eliminate / reduce the need to find and produce new water. This will also have environmental benefits as no more water than is necessary is abstracted. Furthermore, customers will benefit through lower bills, if excessive leakage is reduced.

Targets will be set for WASA for reducing leakage i.e. physical losses as well as commercial (illegal use) losses and the RIC will, in the future, look for a more consistent relationship between supply/demand balance planning and economic levels of leakage.

- **Demand Management and Efficient Use of Water**

As part of its environmental thrust, the RIC will commence work in 2010 on establishing the scope for efficiency savings (demand management) for both the Water and Electricity sectors. The results will be published to encourage conservation and will also be used in the periodic price review process. In the electricity sector, conservation through the use of energy savings appliances and lighting fixtures will be promoted as an alternative to those now in use. In the case of the water sector, the RIC is in favour of Universal metering as one of the approaches to bring about demand/supply balance. The RIC will aim to ensure that WASA chooses the right mix of leakage, resource development and demand management through promoting efficient use of water by customers. The RIC will develop for public consultation a strategy and policy guidelines for the efficient use of water.

- **Five-Year Monitoring Plans**

The RIC, in dialogue with all service providers, will finalise the format and require each service provider to publish a five-year monitoring plan, based on their respective final determination. This will enable the RIC and other stakeholders to monitor performance against the service providers' plans. The plan will set out the service providers' overall strategies, their strategic objectives in terms of service performance, quality and other outputs, the activities necessary in the period to meet those objectives, and the scope for improvements of efficiency.

Additionally, audits will be undertaken to ensure compliance with RIC's Directives as set out in our determinations or as issued from time to time.

- **Regulatory Accounting Guidelines**

The regulatory accounts are underpinned by regulatory accounting guidelines². The RIC has developed Regulatory Accounting Guidelines for both T&TEC and WASA and will monitor the developments in the sectors. This activity will increase in importance with the service providers becoming financially viable and sustainable through tariff revenues. The guidelines are mainly in the following areas:

- (i) Accounting for recurrent and capital costs.
- (ii) Classification of infrastructure expenditure.
- (iii) Analysis of revenue, operating costs and assets, and accounts receivables.
- (iv) Cash flow statements and balance sheet.

The service providers must maintain reporting arrangements which provide information that can be verified. Therefore the RIC may require, from time-to-time, an independent audit (assurance) on information submitted. The audit must be undertaken by an independent expert (Reporter), for example into a service provider's performance in achieving levels of leakage. The RIC will use Reporters, as necessary, for areas that have the most impact on regulatory decision-making.

² Regulators require service providers to submit regulatory accounts because statutory accounts do not contain sufficient information for rate review purposes.

3.2 Demonstrating a Fair and Open Process

The RIC recognizes that wide and effective consultation with all its stakeholders is critical to its credibility and relevance. This involves ensuring that the RIC's processes are fair and open, and that they are perceived as such by stakeholders. The RIC must also ensure that the stakeholders understand each stage of the regulatory process and encourage debate about regulatory issues, methods and outcomes. The RIC also accepts the importance of setting fair timeframes for stakeholder response and the need for clearer mapping of the regulatory timetable and stricter adherence to it. Consequently, the RIC will adopt an open, consultative and transparent approach and will be free with information about its procedures, activities and intentions. The RIC will always publish the reasons for its decisions.

To demonstrate that the RIC's process is fair, transparent and open, it intends to continue to educate stakeholders and communicate with them to:

- explain its decision-making processes and its rationale for decisions through issue papers, reports and holding regular meetings with key stakeholders;
- encourage and facilitate stakeholder involvement through:
 - continually holding panel discussions, public workshops and seminars;
 - developing “fact sheets” to communicate key decisions in a more accessible form;
 - publishing “information papers” to communicate key decisions;
 - releasing discussions papers and draft determinations;
 - continuously reviewing ways of taking our message to rural communities;
- invite feedback on how to improve our processes through:
 - the use of website and stakeholder meetings to seek suggestions for improvement; and
 - surveying stakeholders perceptions every four years.

In this regard, the RIC will undertake a number of exercises, including:

- surveying stakeholders every four years about the extent to which they are satisfied with communications with the RIC, and whether the RIC understands their views and concerns;
- updating our consultative procedures from time-to-time;
- consulting stakeholders about the effectiveness of our main publications in supplying them with the information they need, in the format they want, and then evaluating responses to decide how to meet their needs;
- continually undertaking regional/areas visits, including public meetings and discussions with stakeholders, so that it can better understand local needs and concerns;
- visiting Tobago at least twice a year and having discussions with the Tobago House of Assembly to better understand Tobago issues/concerns; and
- communicating with Parliamentarians at least once a year and having discussions on regulatory issues/concerns and latest regulatory developments.

It is important that the RIC work effectively and efficiently with consumers/users. To this end, the RIC will establish a permanent **External Stakeholder Panel** to assist with consultation as required on particular issues under the Act. This Panel will comprise members of key audiences and will essentially be a specialist panel with a balance of expertise in regulatory, consumer and other issues. The RIC will therefore:

- agree and publish a Memorandum of Understanding (MOU) with the Panel, covering such matters as arrangements for consultation, exchange of information and the coordination of work on consumer-related issues;
- consult the Panel on specific issues affecting the interests of consumers, including standards of service and rating issues; and
- comply with or facilitate all reasonable requests for information from the Panel.

The Panel will become a strong voice for the consumers/users and will represent to the RIC the stakeholder/consumer interest in regulation matters.

3.3 Protecting the Interests of Consumers and Safeguarding Quality

One of our key roles is to protect consumer interests and safeguard the quality of service provided by service providers to customers. This also includes making sure that specific improvements, allowed for in rate reviews, are delivered on time. The RIC, through its initiatives and activities, will ensure that all consumers are treated fairly and equitably, with special attention being paid to those in the lower income groups or those with special needs. The RIC Act provides for the establishment of the Consumer Service Committee(s) in ensuring quality services for customers. The Committee is appointed by the line Minister. The RIC will continue to follow up with the Minister to appoint the Committee. The following areas will be given priority during the period 2010-2014:

- The development of Codes of Practice for WASA.
- Quality of Service Standards.
- Customer satisfaction survey of utilities.
- Public education and outreach.
- Review and implementation of policies and practices for providing services to customers.
- Assessment of the Affordability of services.
- Developing a measure(s) of service provider performance in responding to telephone contact by customers (Call Centre Performance).
- The Home Safety Initiative.

The following sections describe the activities/projects to be undertaken during the period in more detail.

Codes of Practice

The RIC has already established Codes of Practice for T&TEC. In relation to WASA, similar policies will be developed and we expect to have them implemented in 2011. The Codes are a set of customer-related standards, policies, procedures and practices that service providers have to consistently apply when dealing with specific consumer issues. Some of the areas include:

- Retroactive Billing Policy;

- Range and accessibility of payment methods;
- Continuous Customer Education;
- Procedures for dealing with customers in default;
- Debt recovery and disconnection procedures and policies;
- Handling of complaints; and
- Provision of Priority Services for vulnerable groups such as the elderly, disabled and chronically sick.

The RIC will work with the External Stakeholder Panel (and Customer Service Committee, once established) to review service providers policies and practices for providing services to customers with special needs and monitor the range and accessibility of methods, how service providers deal with customers in debt, etc. and compare their policies and practice with our guidelines. Customers expect their complaints to be handled promptly, efficiently and within agreed timeframes, as well as their telephone calls being answered promptly. We will monitor service providers' performance in these areas and review and update our policy, as necessary. We will hold workshops, at least once every year, in this specific area and seek input from the External Stakeholder Panel and other stakeholders.

Quality of Service Standards

The Quality of Service Standards were developed to ensure that service providers provide customers with specific levels of service and, in instances where such services are not supplied, the possibility to receive a rebate of charges. Standards for T&TEC are already in place but those for WASA, though launched by the RIC, are yet to be implemented. Furthermore, a review of the T&TEC Standards was completed in 2009 and the revised Standards are now operational. The RIC hopes to have the WASA's standards operationalised during 2010 upon their publication in the Gazette. One of the more important standards that will be implemented addresses the issue of water supply to customers adversely affected by inadequate water delivery from WASA. Service standards are important, not only in their own right, but also because failure to meet them may trigger compensation claims, as well as possible imposition of penalties for non-

compliance. However, as we indicated above, the RIC's enforcement powers are currently limited. The RIC will continue to use reasonable endeavours to compel service providers to meet the standards. The RIC will only initiate enforcement action if service providers fail repeatedly to take all appropriate steps to remedy a breach or if the breach is not trivial. In any case, the cost of enforcement action is ultimately borne by taxpayers as the service providers are State-owned. For all these reasons, the RIC believes that an improved compensation regime for the Guaranteed Quality of Service Standards is likely to be more effective in improving the quality of service.

Customer Satisfaction Survey

The RIC will contract an independent consultant to undertake a customer satisfaction survey of services provided by T&TEC and WASA. This survey will help to ensure that customers are provided with high quality services from the utilities. The information derived from this survey together with complaints received by the RIC would be analysed to determine which measures need to be put in place to address poor service. The first such survey would be conducted in 2011, and its results will be published.

Public Education and Outreach

The RIC's image and public profile have increased owing to its wide ranging consultative activities and its public outreach programmes. However, the level of public participation in all of our activities is still low relative to the number of customers of both utilities. There is therefore, much more to be done before we are satisfied that all stakeholders actively contribute to our decision-making process. Much of the work in this area is ongoing and will continue throughout the life of the plan.

We will also undertake an assessment of our Customer Outreach Programme to ascertain whether it should be expanded. The RIC's Information Centre/Library will be integrated into the outreach activities and the services available at the Centre would be promoted actively. While we recognise the importance to providing avenues for customers' complaints, we want to ensure that our activities are conducted efficiently.

Implementation of Policies – Working Groups

Owing to concerns raised by stakeholders about some aspects of services provided by T&TEC during our public consultations on T&TEC's rate review application, the RIC decided to establish three (3) working groups to examine the issues of: damaged appliances, capital contributions, and service deposits.

After a series of meetings over a six-month period, the groups submitted their recommendations to the RIC. The RIC reviewed and considered the recommendations and put forward its proposals, which were circulated to stakeholders for views and suggestions. They were finalized and now form part of the new policy guidelines for the service provider. Similar approach will be utilized to examine the issues of capital contributions and service deposits with respect to the water and wastewater sector.

Assessment of the Affordability of Services

It is not uncommon to hear on the airwaves or to read in the newspapers that customers perceive utility rates to be too high. In this connection, the RIC will in 2012, conduct an exercise to determine the affordability of services to consumers, and will include the development of innovative and special tariffs for vulnerable customers.

3.4 Reviewing Legislation to Achieve Greater Effectiveness

The RIC's **objective** is to keep its legislation relevant and up-to-date and in conformity with other legislation to ensure that there is clarity about the use of its powers, as well as to achieve greater effectiveness in its role as Regulator. In some cases, changes in primary legislation are likely to be required in order to provide a regulatory framework consistent with new developments.

The Act that circumscribes the RIC's operations needs to be revisited whenever there are changes in the regulatory environment or some other limitations so that they do not present barriers to the RIC's efficiency and strength. The present RIC Act, although passed in 1998, has limitations. As indicated earlier, there are proposals to separate the existing WASA into two entities. Amendments to the Act will be required to accommodate all these changes.

The impact upon the RIC of the proposed establishment of a Fair Trading Commission under the Fair Trading Act No. 13 of 2006 and the RIC's duty thereunder to enforce same as specified therein must also now be considered, in particular, ascertaining the RIC's ability to enforce the Fair Trading Act and the development of the necessary legislative amendments to enable the RIC to carry out these additional duties should such powers be lacking under the present legislation. Consequently, all these changes in the Government's legislative programme have given rise to the need for review of the RIC legislation.

Main Areas of Activity

The broad areas identified for review and amendment are:

- Budget approval process – seeking to set a specific deadline for the budget approval so that delays experienced previously are eliminated.
- Assessment of Cess – examination of the need for the Auditor General to assess the level of cess.
- Expansion of primary duties – making the RIC's statutory duty to promote the interests of consumers one of its primary duties.

- Powers to borrow – providing RIC with necessary powers to borrow for specific purposes bringing it in line with other regulators such as the EMA.
- Ambiguity of legislation – seeking clarity in relation to the RIC’s status and powers to own real and personal property as provided for bodies corporate in the Interpretation Act, Chap. 3:01.
- Consumer Services Committees – seeking to have the role and functions of these Committees properly defined.
- Enforcement powers – that is, strengthening the RIC’s enforcement and investigative powers (regarding information requests and submissions, complaint resolutions, etc.).
- Remuneration determination – providing the RIC with independence in the determination of employee’s remuneration packages.

The RIC will work with Government and will meet the requirements of the Government’s timetable in taking the legislative programme forward.

3.5 Managing Resources Efficiently and Effectively

The RIC is committed to being both efficient and economical and to keeping its costs under rigid control. The RIC has an on-going responsibility to ensure that services represent good value for money. In fact, the RIC can hardly set out to improve the quality of services provided by service providers without setting out to be efficient ourselves. We will continue to ensure that all our activities are conducted in a transparent manner and our policies and processes are consistent with sound management principles.

The following strategies support this objective:

- Continuous review of the profile of the workforce to match skill sets with organizational needs, including the identification of critical skills for succession planning;
- providing systematic training and other skill building opportunities for staff, including the development of coaching training to promote transfer of skills;
- providing leadership training for senior managers to support succession planning and providing training that meets individual and organizational needs;
- becoming a preferred employer through friendly work practices, policies and procedures by supporting flexible working conditions, rewarding staff for outstanding performance, etc.;
- continuously ensuring that corporate services are effective, cost efficient and meet the needs of the organization; and
- developing an IT strategic plan to ensure software and hardware meet on-going organizational needs and enhancing the capacity of the website to meet stakeholder communication needs.

The above strategies will be achieved through deploying a number of measures.

Staff Management

- The RIC has set out to be lean, flexible and focussed.
- No more than 20% of its staff will be administrative and secretarial jobs.

- The RIC has identified a range of internally focussed indicators in the areas of human resources, customer services, finance, IT services and office services designed to assess its performance (**Table 1 below**).
- Conduct of an Employee Satisfaction Survey on an annual basis.

Stakeholder Assessment of RIC's Performance

The ultimate measure of the RIC's success is whether it produces balanced outcomes in the sectors it regulates. This is difficult to measure as it can mean different things to different stakeholders. The RIC will, therefore, measure, at least every four years, how its stakeholders perceive its performance in terms of processes, quality of work and integrity.

Information Systems Development and Support

The bulk of the RIC's work relies heavily on the use of IT equipment, and thus, our IT systems must be secure and protected. We will ensure that we regularly update IT security procedures and follow best practice, including the implementation of disaster recovery plan. As the use of the internet as a means of communication becomes more widespread, we will develop our website as one of the prime sources of information about our work, placing all documents/reports on our website on the day of publication. We are also committed to keeping our website up-to-date. In addition, a document and knowledge management system will be implemented to ensure that data can be accessed very easily throughout the entire information system network infrastructure.

Accommodation

Of particular concern to the RIC are its accommodation expenses, as currently, about 15% of its budget goes towards renting the building it presently occupies. The RIC's attempts to acquire its own building to reduce overall expenditure have so far failed. The RIC will renew its efforts to acquire suitable building before the end of this plan period.

Table 1 – Internal Performance Indicators

<p>Financial:</p> <ul style="list-style-type: none"> • Regulation expenditure per capita • Expenditure within budget • Completion of Audit within 6 months of the end of the financial year. • Accounts paid on time 	<p align="center">Target</p> <p align="center">-</p> <p align="center">100%</p> <p align="center">100%</p> <p align="center">100%</p>
<p>Staff/Office:</p> <ul style="list-style-type: none"> • Employee satisfaction index: <ul style="list-style-type: none"> - Working conditions - Support services - Remuneration • Average annual sick leave days taken • International service quality rating (staff survey) 	<p align="center">> 90%</p> <p align="center">> 90%</p> <p align="center">> 80%</p> <p align="center">< 7</p> <p align="center">-</p>
<p>IT:</p> <ul style="list-style-type: none"> • System availability • System security breaches • Internal service quality rating (staff survey) 	<p align="center">> 98%</p> <p align="center">Nil</p> <p align="center">> 95%</p>
<p>Customer Department:</p> <ul style="list-style-type: none"> • Response to Written Complaints • Response to Telephone and E-mail Complaints • Response to Overnight Messaging • Keeping Appointments. 	<p>95% within ten working days.</p> <p>95% within ten working days.</p> <p>100% within one working day.</p> <p>100% within ten minutes.</p>
<p>Survey of Stakeholder perception of processes, quality of work and integrity</p>	<p align="center">Every 4 years</p>

4. IMPLEMENTATION

The success of any plan depends on the way it is implemented. Our approach is always to utilise teamwork and thus, we shall continue with multi-disciplinary teams in implementing our activities. Critical to achieving the RIC's strategic priorities are adequate levels of human and financial resources. There are still a few vacancies which need to be filled without delay to ensure the balance between tasks and personnel. Almost without exception, there have been protracted delays in the approval of our annual budgets. All efforts will be made to avoid a continuation of this situation as it seriously impacts upon the RIC's ability to carry out its mandate.

The Executive and Management of the RIC shall be responsible for ensuring that all aspects of the strategic plan are implemented. However, an important requirement for success of the plan is "buy-in" from the staff. All personnel should be aware of the plan and the roles they would be required to play to ensure its success. To this end, regular internal meetings will be held to review outputs and to make recommendations for improvement where necessary. The Executive and Management Team will establish mechanisms for tracking deliverables and for resolving any difficulties encountered.

5. RIC's WORK PROGRAMME, 2010 TO 2014

A summary of the RIC work programme to fulfil its functions from 2010 to 2014 is presented in the **Table 2** below. This programme indicates that the RIC will have much more work in the first two years, as the price controls for both WASA and T&TEC will be implemented. In addition to our planned work programme, we will respond effectively to new priorities as they arise, especially to new policy developments in the water and wastewater sector.

Table 2 - RIC's Work Programme for 2010 - 2014

A. Standard Tasks

The following standard tasks/ activities assist the RIC to achieve its objectives:

- Collection of information and statistics, publishing reports and disseminating information relating to the performance of the sectors.
- Establishment, monitoring and enforcing compliance with Damaged Appliance and Capital Contribution policies, etc.
- Website management.
- Reception, records management, library management, invoicing, payments and other office administrative duties.
- Publication of RIC's Quarterly Newsletter.
- Preparation of Annual Reports and other publications.
- Responding to customer enquiries and complaints and resolving disputes between service providers and customers.
- Participation in national, regional and international working groups, workshops/conferences.
- Facilitating secondments (short periods) from other regulatory bodies.
- Collaborating and conducting peer reviews and sharing information.
- Review and implement personnel, accounting, etc. policies and procedures.
- Continually monitor internal standards of performance.

B. RIC's Work Programme based on Strategic Priorities, 2010-2014

Strategic Priority	2010	2011	2012	2013	2014			
1. Applying an Effective and Credible Approach to Regulating: <ul style="list-style-type: none"> Evaluation of T&TEC's first price control period (lessons learned). 	√							
<ul style="list-style-type: none"> Commencement of 2nd Electricity (T&TEC) Price Control Review for 2011-2015: <ul style="list-style-type: none"> Phase One – Framework and Approach <ul style="list-style-type: none"> Methodology Paper – Approach to the Periodic review. Draft Business Plan and Information Requirement. Phase Two – Business Plan Assessment <ul style="list-style-type: none"> Submission of Business Plan by T&TEC. RIC's Feedback on T&TEC's Business Plan. Phase Three – Decisions and Determination <ul style="list-style-type: none"> Submission of Final Business Plan. Publish Technical Papers. Policy guidance by Shareholder. Publish Draft Determination. Phase Four – Implementation of Price Control <ul style="list-style-type: none"> Implement Final Determination. Submission of T&TEC's Monitoring Plan based on Final Determination. 	√ √ √ √ √ √ √ √ √ √							
<ul style="list-style-type: none"> Implementation of Price Control for WASA. 	√							
<ul style="list-style-type: none"> Annual Assessment and Price/Tariff Adjustment: <table style="display: inline-table; vertical-align: middle;"> <tr> <td rowspan="2" style="font-size: 2em; padding-right: 5px;">{</td> <td>WASA</td> </tr> <tr> <td>T&TEC</td> </tr> </table> 	{	WASA	T&TEC	√	√	√ √	√ √	√ √
{		WASA						
	T&TEC							
<ul style="list-style-type: none"> Studies of Efficiency and Effectiveness of procedures (e.g. billing, purchasing, etc.). 	√	√	√	√	√			
<ul style="list-style-type: none"> Five-year Monitoring Plans: <table style="display: inline-table; vertical-align: middle;"> <tr> <td rowspan="2" style="padding-right: 5px;">WASA T&TEC</td> <td></td> </tr> <tr> <td>√</td> </tr> </table> 	WASA T&TEC		√	√	√			
WASA T&TEC								
	√							
<ul style="list-style-type: none"> Report on Leakage Performance and Leakage Targets. 		√	√	√	√			
<ul style="list-style-type: none"> Structured reporting on T&TEC and WASA's Compliance with Guaranteed and Overall Standards. 	√	√	√	√	√			

Strategic Priority	2010	2011	2012	2013	2014
• Developing, amending and monitoring T&TEC and WASA's Compliance with regulatory instruments (e.g. Codes of Practice).	√	√	√	√	√
• Monitor and publish Regulatory Accounts for both T&TEC and WASA.	√	√	√	√	√
• Publication of Regulatory Accounts and Financial Performance for T&TEC and WASA.	√	√	√	√	√
• Economic Appraisal of long-term capital maintenance needs – WASA.			√		
• Undertake research to assess the long-term sustainable capital structure for the water industry.			√		
• Development of Financial Models for T&TEC and WASA.			√	√	√
• Undertake licence administration for WASA and T&TEC.	√	√	√	√	√
• Development for public consultation a strategy and policy guidelines for the efficient use of water.			√		
• Compliance with the RIC's Directives Report – T&TEC.	√				
• Operating and Maintenance Expenditure (Opex) Report 2006-2010 – T&TEC.	√				
• Investment Report (Delivering Investment Output to improve service) 2006-2010 – T&TEC.		√			
• Undertake study into service providers' costs and performance compared with Caribbean and international peers.		√			
• Electricity Demand Forecast and analysis by use of econometric modelling methodology.		√			
• Monitor External Databases and update annually.	√	√	√	√	√
• Publish RIC's views on Legal, Institutional and governance arrangements for the sectors.	√				
• Working with the line Ministry to develop Draft Licences for Power Generators and to finalize licences for T&TEC and WASA.	√	√			
2. Demonstrating a Fair and Open Process					
• Surveying stakeholders' satisfaction with the RIC's communication policy (every four years).			√		

Strategic Priority	2010	2011	2012	2013	2014
• Consulting stakeholders on the effectiveness of RIC's publications.		√			
• Establishment of an External Stakeholder Panel.	√				
• Discussions with Tobago House of Assembly (twice a year).	√	√	√	√	√
• Discussions with Parliamentarians once a year.	√	√	√	√	√
• Develop communication and formal consultation strategy between the RIC and State		√			
• Hold Annual Public Lectures on Regulatory topics of interest.	√	√	√	√	√
• Review our Code of Practice on consultations.	√				
• Establish/implement meeting programme with key stakeholders.	√	√	√	√	√
• Improve access to and user friendliness of publications.	√	√	√	√	√
• Track correspondence from (including letters to daily newspapers) and replies to stakeholders.	√	√	√	√	√
• Undertake regulatory impact assessment via an independent consultant.			√		
3. Protecting the Interest of Consumers and Safeguarding Quality					
• Establishing and monitoring compliance with Codes of Practice for WASA.		√	√	√	√
• Customer Satisfaction survey of services provided by T&TEC and WASA		√			
• Assessment of RIC's Public Education and Customer Outreach Programme.		√			
• Review and implementation of policies and practices for providing services (e.g. capital contributions, service deposits, etc.).			√		
• Undertake research to determine the affordability of services to consumers.			√		
• Developing a measure(s) of service providers performance in responding to telephone contact by customers (Call Centre Performance Report).		√			
• Developing policies and practices for providing services to vulnerable and disadvantaged customers.		√			
• Intensify performance monitoring and reporting of service providers.	√	√	√	√	√

Strategic Priority	2010	2011	2012	2013	2014
4. Reviewing Legislation to Achieve Greater Effectiveness					
<ul style="list-style-type: none"> Finalize amendments to the RIC Act for consideration of Government. 	√				
<ul style="list-style-type: none"> Publish RIC's plans to implement the Government's proposals for the Water Authority and Wastewater Authority. 		√			
<ul style="list-style-type: none"> Undertake research on water abstraction issues. 		√			
<ul style="list-style-type: none"> Respond to and meet the legislative requirements of the Government's Parliamentary timetables. 	√	√	√	√	√
5. Managing Resources Efficiently and Effectively					
<ul style="list-style-type: none"> Continually undertake skills set audit and associated training needs analysis. 	√	√	√	√	√
<ul style="list-style-type: none"> Implement our new training and development policy. 	√				
<ul style="list-style-type: none"> Ensuring that 40% of professional staff have Certified Regulatory Specialist qualification. 			√		
<ul style="list-style-type: none"> Review our pay and non-pay benefits every 3 years. 			√		
<ul style="list-style-type: none"> Continuous review of our organizational structure to align it with our mandate. 	√	√	√	√	√
<ul style="list-style-type: none"> Regularly update IT security procedures and follow best practice. 	√	√	√	√	√
<ul style="list-style-type: none"> Review use and content of website. 	√	√	√	√	√
<ul style="list-style-type: none"> Assess IT Strategic Plan to ensure software and hardware meet on-going needs 	√	√	√	√	√
<ul style="list-style-type: none"> Undertake survey every four years to elicit stakeholder perceptions of our performance in terms of processes, quality of work and integrity. 			√		
<ul style="list-style-type: none"> Double our efforts to acquire suitable building to reduce costs. 		√	√		