

RIC head: Low electricity prices hampering conservation

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IF YOUR average electricity bill from the Trinidad and Tobago Electricity Commission (T&TEC) is about \$2,000 on its bi-monthly billing cycle, well, consider that cheap.

If you lived in Barbados it would be about \$10,000.

In the Cayman Islands, it would be about 11 times the local amount.

Why?

Because the cost of electricity in T&T is the cheapest in the Western Hemisphere.

But should T&T citizens be benefitting from such cheap electricity?

Is that an efficient use of the resource?

While T&T's economy depends on and thrives on energy, the future would depend on the country operating more efficiently.

And that's what executive director of the Regulated Industries Commission (RIC) Dr James Lee Young wants to focus on.

With two deadlines missed for rate increases for the two utilities under his management—the Water and Sewerage Authority (WASA) and the Trinidad and Tobago Electricity Commission (T&TEC), Lee Young and his team are adding another layer to the discussion on rates-energy efficiency.

The raw material for electricity in T&T, of course, is natural gas with T&TEC being tied into take or pay contracts with 100 per cent state-owned National Gas Company (NGC) for its supply of natural gas.



Regulated Industries Commission boss
Dr James Lee Young.

With the downstream sector currently operating at 3.8 bscfd, shy of its full capacity at 4.3 bscfd of natural gas, Lee Young believes natural gas could be better relocated to the plants that need it.

"It's all about getting value for money and using our resources wisely," he told the Express Business in an interview last week.

The RIC will be putting out four white papers for public comment—energy efficiency, energy conservation, natural gas shortages

and hybrids.

He observed that there is excess capacity in the electricity market since the shutdown of the ArcelorMittal plant in 2016, since they were the biggest consumer of electricity on the Point Lisas Industrial Estate.

With the closure of Petrotrin, even more capacity was put on the market.

And then there's the Trinidad Generation Unlimited (TGU) which was constructed to provide electricity for an aluminium plant (Alutrint) that never got off the ground.

The first white paper is titled Energy Road Map—Advancing Energy Efficiency/Energy Conservation (EE/EC) in Trinidad and Tobago.

"In assessing the efficiency of the use of energy in Trinidad and Tobago, the average electric power consumption per capita for the world in 2014 was 3,127kWh per capita and for the Latin America and the Caribbean (LA&C) region, it was 2,129kWh per capita.

"The consumption in T&T, Suriname and Jamaica in 2014 was 7,134 kWh, 3,632 kWh and 1,056 kWh per capita respectively in that year. It is therefore apparent that T&T's consumption of electricity per capita was significantly higher than the world and LA&C averages," the paper said.

"The local electricity sector has, thus far, largely relied on supply-side options to meet the growing demand rather than significantly employing EE/EC options to control the rate of growth of the electricity consumption. Ultimately, demand reduction locally will depend on end users making informed decisions which it is hoped will change the be-

havioural patterns that drive electricity consumption.

"This paradigm shift would require the use of a number of different mechanisms in the sector to bring about positive change," it said.

The paper noted that improving energy efficiency in homes, businesses, schools, governments and industries is one of the most constructive, cost-effective ways to address the challenges of high energy prices, energy security and independence, air pollution and global climate change.

"Despite the clear benefits and success of energy efficiency programmes globally, energy efficiency measures remain critically under-utilised in the Trinidad and Tobago energy portfolio," it said.

"The local electricity sector has largely relied on supply-side options (new generating capacity) to meet the growing demand rather than significantly employing EE/EC options to control the rate of growth of the electricity consumption over the years," it said.

It noted that EE/EC is hampered in T&T in the following ways:

- Absence of consistent national energy and energy efficiency policies and specific targets;
- Absence of a cohesive institutional structure for the implementation and administration of said policy; inclusion of the appropriate regulatory and legislative frameworks;
- Lack of dedicated financing mechanisms;
- Low electricity pricing that does not reflect the market price of natural gas; and
- Prevailing consumer behaviour marked by the high consumption of electricity, energy and natural gas relative to that of other jurisdictions.

The paper argues that reform within the energy sector is necessary at this time in order to promote the efficient use of the country's natural gas resources, as well as to establish sustainable mechanisms to advance and finance the implementation of EE/EC initiatives.

And here are the actions which the RIC proposes the Government undertakes:

- Establish Energy Efficiency/Energy Conservation policy. This policy should be aligned with international commitments, such as, the Paris Agreement ratified in February 2018;
- Establish national EE and Energy Intensity targets based in the estimated reduction to current electricity consumption levels of the various consumer classes modeled after successful implementation schemes in other jurisdictions;
- Assess the current institutional structure with respect to the national EE objectives;
- Review relevant legislation which pertains to electricity generation, such as, the T&TEC and RIC Acts to address any legislative issues and new legislation arising from the adoption of EE/EC practices;
- Examine and institute direct (rebates) or indirect (subsidies) public benefits funding mechanisms commensurate with the achievable potential for cost-effective energy efficiency;
- Ensure that natural gas used in the production of electricity is priced at the prevailing market rates;
- Promote EE initiatives through import restrictions, tax deductions on energy efficient appliances and trade-in programmes; and
- Implement a comprehensive public awareness campaign on energy efficiency and energy conservation practices.

As for T&TEC, here's what the RIC proposes:

- Apply planning frameworks that integrate demand-side efficiency measures into the assessment of overall strategic scenarios to meet electricity-related energy service needs as part of comprehensive Integrated Resource Planning;
 - Adjust all electricity billing cycles from a bi-monthly bill to a monthly period in order to provide T&TEC's customers with a better appreciation of the cost of their monthly energy use rates. Allow for customers to access their consumption data in real-time to assist with demand management efforts;
 - Explore the feasibility of a demand-side management programme, structured around the existing advanced metering infrastructure (AMI) aimed at modifying the pattern of electrical consumption across all the consumption sectors.
- The paper will be posted on the RIC's website for public comment.

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