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**REGULATED  
INDUSTRIES  
COMMISSION**



*Protecting YOUR Interests*

# The Regulatory Process For The Electricity Transmission And Distribution Price Control Review 2023-2027 (PRE2)



# STRUCTURE OF PRESENTATION

## **PART 1**

**The RIC and its  
Regulatory Process  
Some Elements of the  
Draft Determination**



## **PART 2**

**Tariff  
Considerations  
&  
Proposals**

# PRESENTATION

## **PART 1**

**The RIC and its  
Regulatory Process  
Some Elements of the  
Draft Determination**



# ABOUT THE RIC

- The RIC is a statutory body established under Act, No. 26 of 1998.
- Superseded the PUC.
- Consumer-oriented, with wider regulatory powers and responsibilities.
- Ensures that good quality and efficient utility services are provided at fair and reasonable rates in Trinidad and Tobago.



# RIC'S MISSION AND VISION STATEMENTS

## VISION

To be a World Class Regulator

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.

## MISSION

# LEGAL FRAMEWORK FOR SETTING RATES

The RIC Act (No. 26 of 1998) provides the guideline for tariff setting:



## Section 6.1 (h)

Establish the principles and methodologies by which service providers determine rates for services.

## Section 6.1 (j)

Carry out periodic reviews of the rating regimes of service providers.

## Section 48

Review the principles for determining rates and charges for services every five years.

# LEGAL FRAMEWORK FOR SETTING RATES

More guideline for tariff setting:

Section  
6. 1 (c),  
67 (3)  
(a)

Ensure the financial viability and sustainability of the service providers.



Promote efficiency and economy.

Section  
6. 1 (d),  
6 (3) (a)

Section  
6. (3) (c)  
& (d)

Fair and non-discriminatory to similarly placed consumers

Ability of consumers to pay rates.

Section  
67 (3) (c)

# STATUTORY OBLIGATION TO CONSULT

Sections 6.2 requires the Commission to Consult with all stakeholders.



## Section 6.2

In the performance of its functions under subsections (1)(e), (g), (h) and (j), the Commission shall consult with service providers and representatives of consumer interest groups and any other parties it considers as having an interest in the matters before it.

The Consultation Process for this Price Review has been open and transparent.....

# RIC'S REGULATORY PROCESS FOR T&TEC'S PRICE REVIEW

The RIC follows a four stage regulatory process.

## Stage 1



Release of information & consultative documents

- “Information Requirements: Business Plan”,
- “Framework and Approach: Second Regulatory Control Period (PRE2)

## Stage 2



- Submission of T&TEC's Business Plan
- RIC's Review and Analysis
- Consultation with shareholder (GORTT).

## Stage 3



- The release of the Draft Determination for public comment.
- Public meetings to present the Draft Determination.

## Stage 4



**The issue of the Final Determination**

# OBJECTIVES OF THIS CONSULTATION



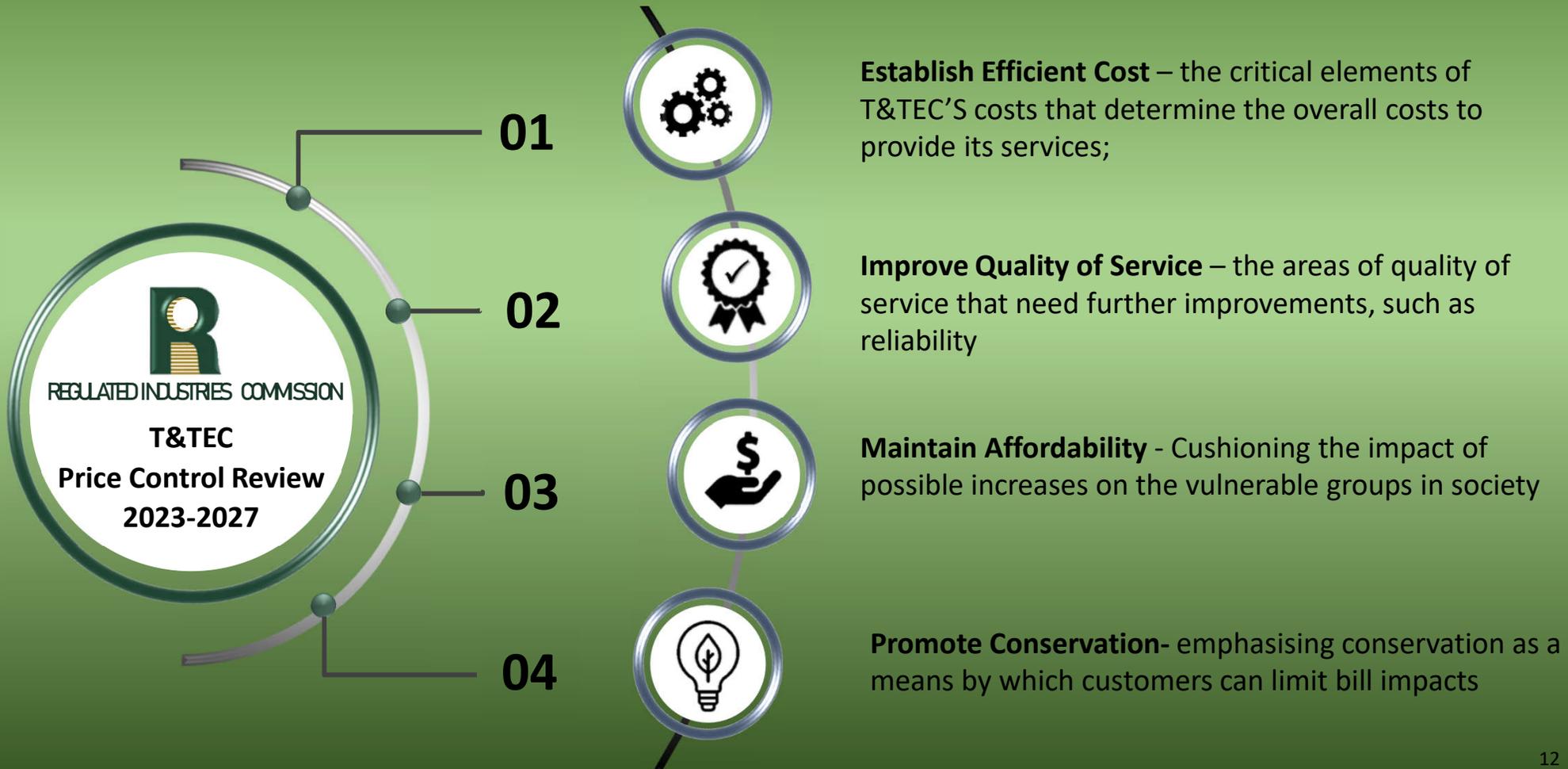
- To clarify the content (where needed) of the draft Determination (PRE2) which the RIC issued on January 6, 2023;
- To obtain feedback from the public on the content of this draft in terms of areas of concerns and specific proposals to address these;
- Any other issues considered by the public to be relevant to (but not included in) the draft determination.

# DESIRED OUTCOME OF THIS CONSULTATION



- **Public receives clarification on issues in draft determination which were not understood;**
- **Public provides specific proposals to the RIC for consideration and inclusion in the Final Determination either in response to draft or by adding, with justification, any issues considered to have been excluded.**

# RIC's CORE AREAS OF FOCUS



# ESTABLISHING EFFICIENT COST



## What was the Approach used to ensure Efficient Cost ?

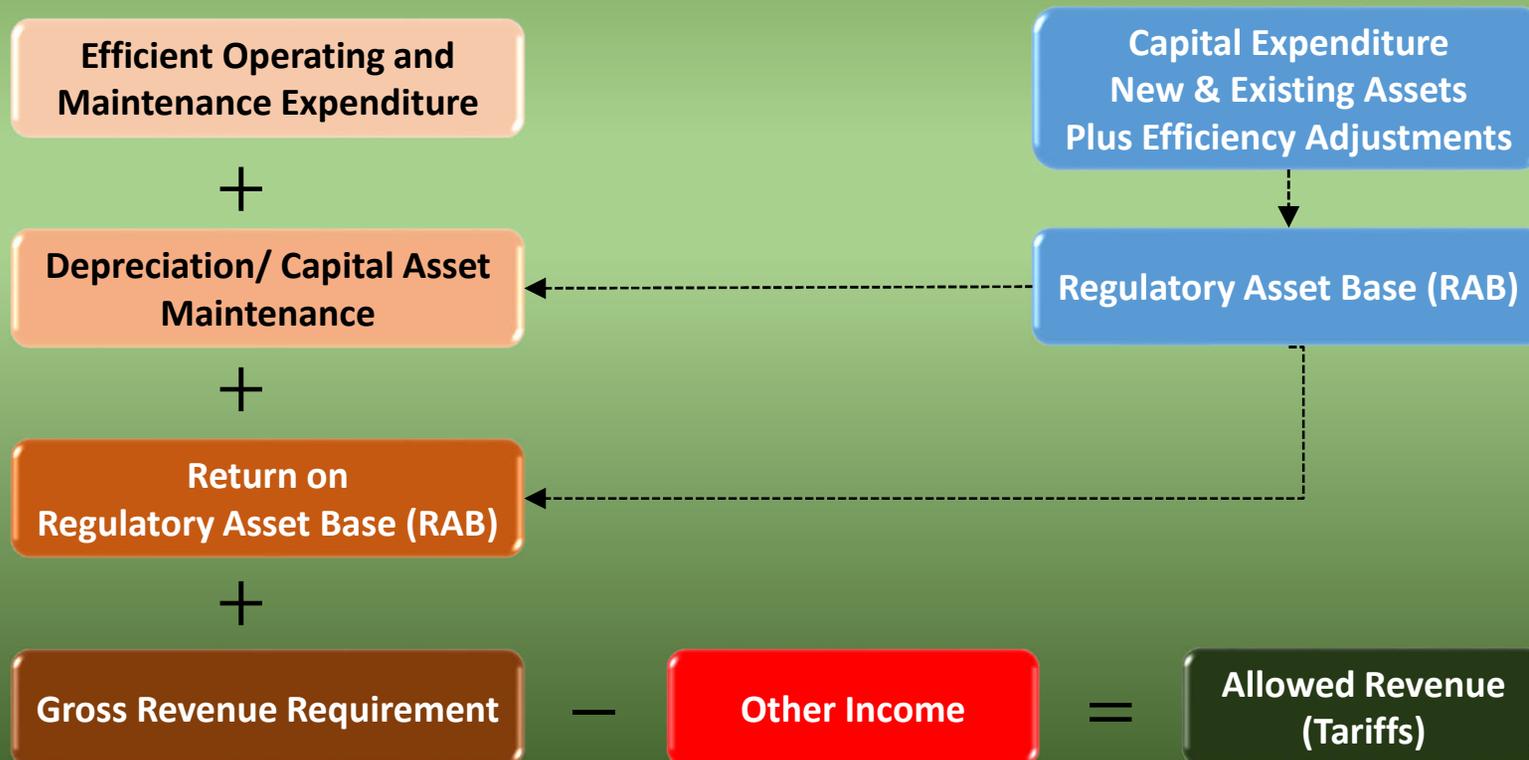
Evaluation of T&TEC's projections between 2023 – 2027:



- **A - Demand for Electricity;**
- **B - Conversion and fuel costs to meet the demand**
- **C - Capital Investment to meet demand;**
- **D - Operational Expenditure to meet demand.**

# ESTABLISHING EFFICIENT COST

The RIC utilizes a building-block approach to determine the allowed Revenue Requirement.



# ESTABLISHING EFFICIENT COST



## Revenue Requirement

Million TT\$



\$29,128.82



\$26,310.80

RIC's decision includes NGC debt but the difference reflects reductions in key areas including:

- reduction in forecast of operating expenditure (\$1,512.12 million);
- reduction in generation costs (\$181.26 million);
- reduction in fuel costs (\$528.22 million); and
- reduction in depreciation charges (\$444.74 million).

# ESTABLISHING EFFICIENT COST

## Investment Programme



Many projects were disallowed for various reasons including:

- Some were not prudent or justified at this time;
- Some were ring-fenced to be funded by Government; and
- Projects whose duration extended beyond the (PRE2) control period.

# MONITORING AND REPORTING

To protect the interest of consumers, the RIC will:



Continuously monitor capital expenditure



Publish details of T&TEC's actual Vs allowed capital expenditure



Identify any failure to deliver capital projects against the timelines proposed and seek explanations from T&TEC.



# MAINTAINING & IMPROVING SERVICE QUALITY

Several measures to improve customer protection and add value.



Improving service to worst-served customers - No more than three (3) interruptions per month.



Establishing the appropriate Call Centre Metrics.



Maintaining the RIC's Quality of Service Standards programme.



T&TEC's adherence to the RIC's Codes of Practice.



T&TEC to undertake a Customer Satisfaction Survey in 2025.



T&TEC to undertake Reliability Improvements.



One free meter check every 4 years instead of 5 years.

# OTHER KEY HIGHLIGHTS OF THE DRAFT DETERMINATION

## Strengthening the RIC's Regulatory Mandate Through Improved Performance Monitoring



The RIC will continue to monitor and report on T&TEC's performance indicators and quality of service standards.



T&TEC would be required to provide self-certification assurances, for "Use of Tariff Revenues" to fulfill its regulatory mandates, and to ensure that tariff revenues are not used for activities not approved by the RIC.



The RIC will be collaborating with T&TEC to establish a more comprehensive reporting framework for Operational expenditure costs.

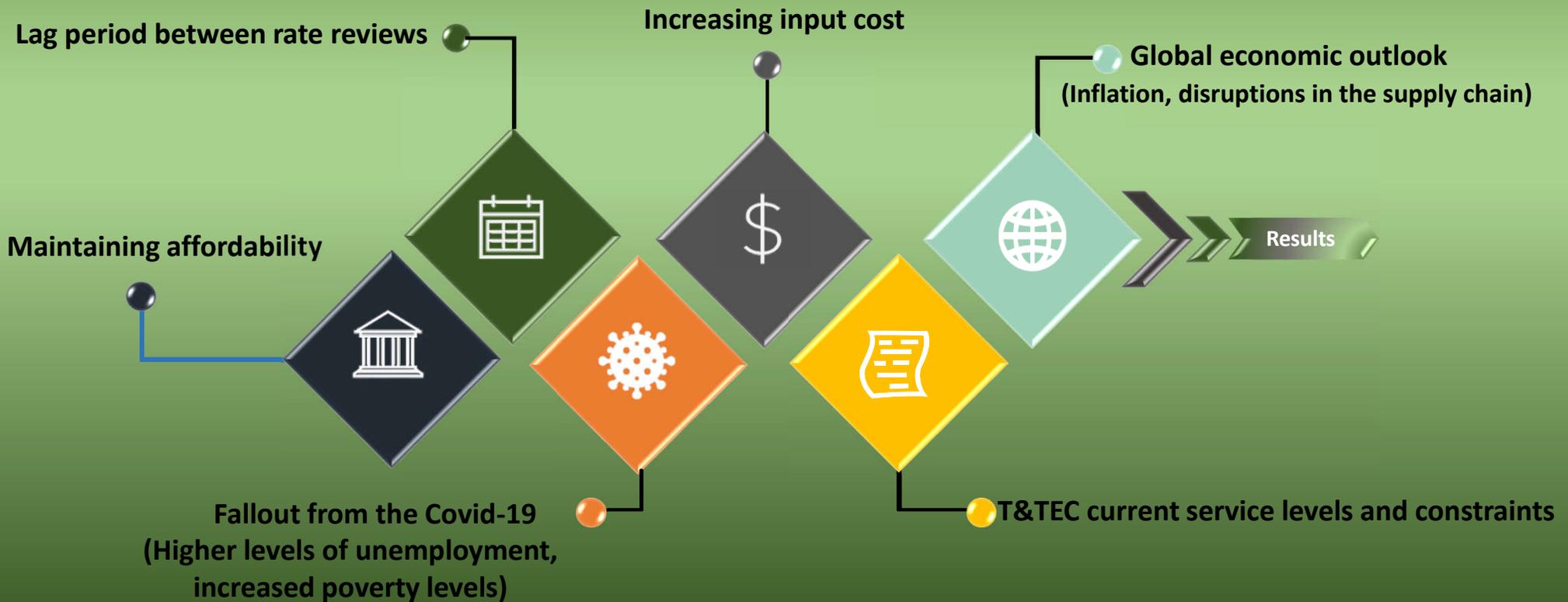
# PRESENTATION



## **PART 2** **Tariff** **Proposals**

# RATE SETTING IN A CRITICAL PERIOD

## Constraints and Challenges



# RIC'S ROLE IN SETTING ELECTRICITY RATES



The RIC aims to achieve a balance between competing interest and maintain affordability of the new rates.

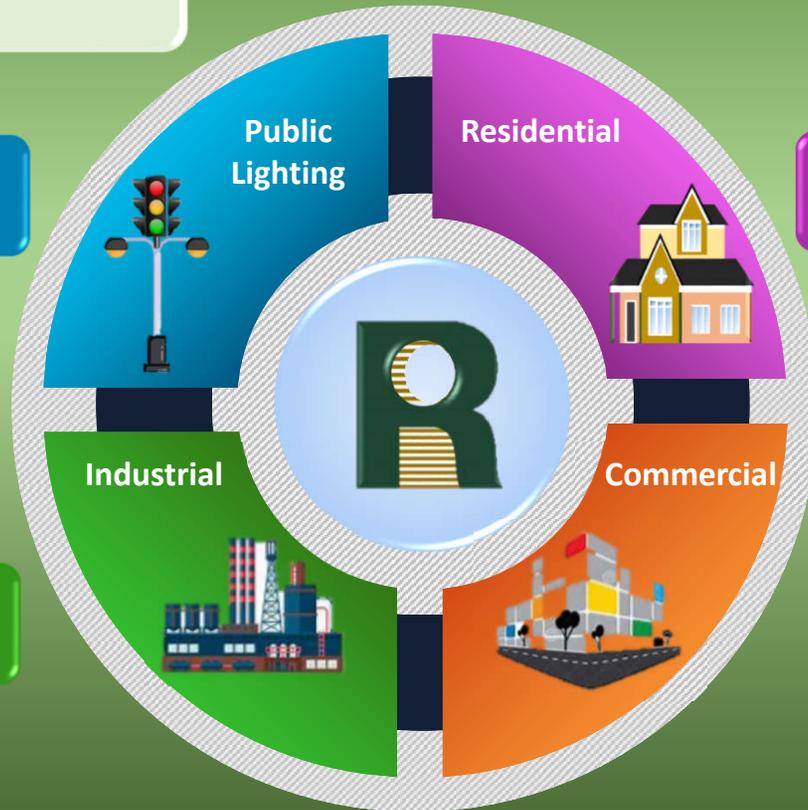


- ✓ Setting affordable prices;
- ✓ Allowing a reasonable rate of return to finance capital investment;
- ✓ Appropriate alignment between cost and rates; and
- ✓ Provide incentives to drive efficiencies.

# PROPOSED RATES & CHARGES

For the Various Customer Classes

Public Lighting - Rate S



Residential – Rate A

Industrial - Rate C, D & E

Commercial – Rate B

# PROPOSED RESIDENTIAL RATES & CHARGES

Current Bi-monthly Rates			Proposed New Monthly Rates		
	kWh Consumption	Tariff (TT\$)		kWh Consumption	Tariff (TT\$)
Tier 1	1 - 400	0.26	Tier 1	1 - 200	0.28
Tier 2	401 - 1000	0.32	Tier 2	201 - 700	0.40
Tier 3	>1000	0.37	Tier 3	701 - 1400	0.54
			Tier 4	>1400	0.68
Customer Charge		6.00			7.50

## What Changed ?

- Moving from bi-monthly to monthly billing
- Changing from three tiers to four
- Third and Fourth tiers distinguish between high and very high levels of consumption respectively
- Increases in rates at every tier
- Increase in the customer charge



# PROPOSED RESIDENTIAL RATES & CHARGES

	kWh Consumption	No. of Customers (approx.)
Tier 1	1 - 200	90,685
Tier 2	201 - 700	218,369
Tier 3	701 - 1400	102,313
Tier 4	>1400	45,312



All residential customers would benefit from the Lifeline tier, which is the 1<sup>st</sup> tier.



Approximately 90,685 households in T&T consume 200 kWh or less monthly



IBT structure discourages wastage; sends better price signals at higher consumption levels



Provides incentives for sustainable use of electricity and natural resources

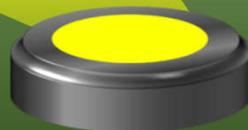


# SUBSIDISED RATES FOR RESIDENTIAL CUSTOMERS



**Full Cost  
(2023)  
\$2,305.78 million**

**Residential Rates**



# SUBSIDISED RATES FOR RESIDENTIAL CUSTOMERS

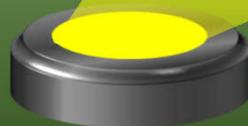


**Full Cost  
(2023)  
\$2,305.78 million**

**Residential Rates**



**Subsidized Cost  
(2023)  
\$1,724.67 million  
**(\$581.11 M)****



# SAMPLE BILL IMPACT - RESIDENTIAL RATES

## Residential

### Electricity Used & Billed Bi-Monthly

#### Current Rates

Total Energy Charge	52.00
Customer Charge	6.00
Sub Total	58.00
VAT @ 12.5%	7.25
<b>TOTAL</b>	<b>\$65.25</b>



#### New Proposed Rates

Total Energy Charge	56.00
Customer Charge	15.00
Sub Total	71.00
VAT @ 12.5%	8.88
<b>TOTAL</b>	<b>\$79.88</b>

**Total Bi-Monthly Increase = \$14.63**



### New Monthly Bill



**100 kWh**

Total Energy Charge	28.00
Customer Charge	7.50
Sub Total	35.50
VAT @ 12.5%	4.44
<b>TOTAL</b>	<b>\$39.94</b>

# SAMPLE BILL IMPACT - RESIDENTIAL RATES

## Residential

### Electricity Used & Billed Bi-Monthly

#### Current Rates

Total Energy Charge	104.00
Customer Charge	6.00
Sub Total	110.00
VAT @ 12.5%	13.75
<b>TOTAL</b>	<b>\$123.75</b>



#### New Proposed Rates

Total Energy Charge	112.00
Customer Charge	15.00
Sub Total	127.00
VAT @ 12.5%	15.88
<b>TOTAL</b>	<b>\$142.88</b>



#### New Monthly Bill



200 kWh

Total Energy Charge	56.00
Customer Charge	7.50
Sub Total	63.50
VAT @ 12.5%	7.94
<b>TOTAL</b>	<b>\$71.44</b>

**Total Bi-Monthly Increase = \$19.13**

# SAMPLE BILL IMPACT - RESIDENTIAL RATES

## Residential

### Electricity Used & Billed Bi-Monthly

#### Current Rates

Total Energy Charge	232.00
Customer Charge	6.00
Sub Total	238.00
VAT @ 12.5%	29.75
<b>TOTAL</b>	<b>\$267.75</b>



#### New Proposed Rates

Total Energy Charge	272.00
Customer Charge	15.00
Sub Total	287.00
VAT @ 12.5%	35.88
<b>TOTAL</b>	<b>\$322.88</b>



#### New Monthly Bill



400 kWh

Total Energy Charge	136.00
Customer Charge	7.50
Sub Total	143.50
VAT @ 12.5%	17.94
<b>TOTAL</b>	<b>\$161.44</b>

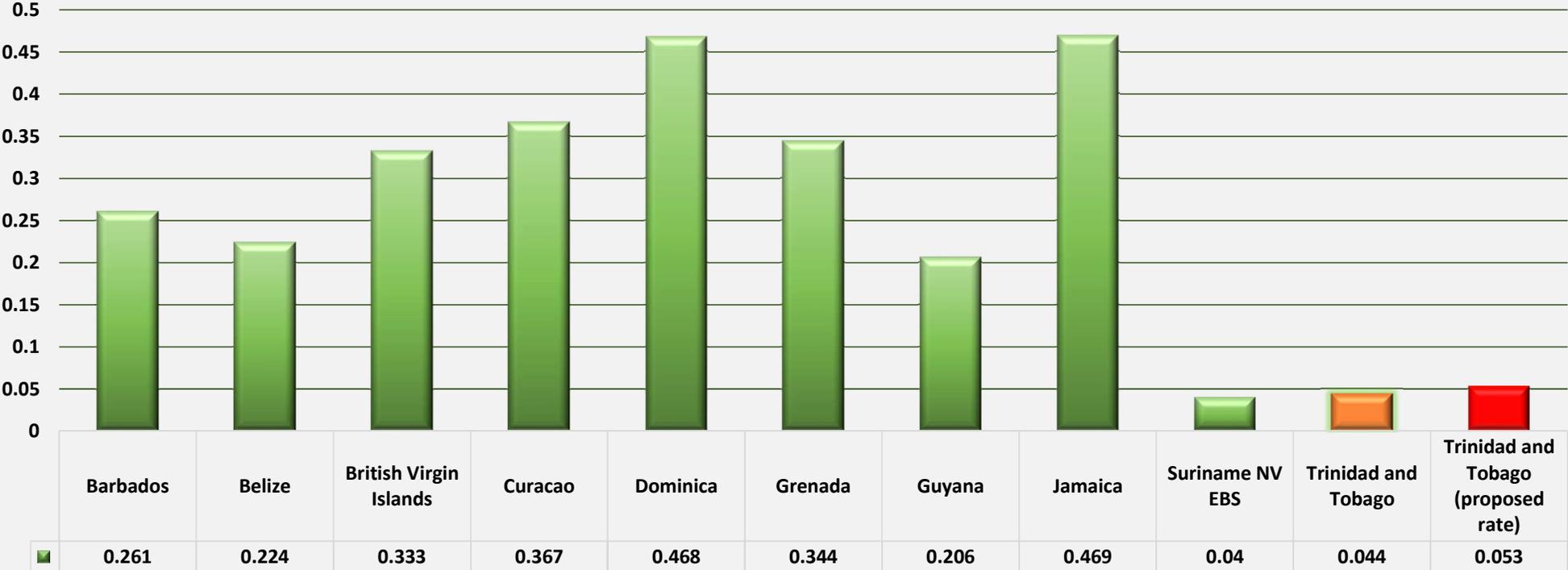
**Total Bi-Monthly Increase = \$55.13**

# BILL IMPACT OF PROPOSED RESIDENTIAL RATES

Consumption (kWh) Bi-monthly	Current	Proposed	Change		Proposed	
	Total Bill	Total Bill	Bi- Monthly	Bi- Monthly	Monthly Consumption	Monthly
	Bi-Monthly	2 Months	Bi- Monthly	Bi- Monthly	Monthly Consumption	Monthly
	TT \$	TT \$	TT \$	%	kwh	TT \$
200	58.00	71.00	13.00	22%	100	35.50
400	110.00	127.00	17.00	15%	200	63.50
600	174.00	207.00	33.00	19%	300	103.50
800	238.00	287.00	49.00	21%	400	143.50
1500	487.00	581.00	94.00	19%	750	290.50
2500	857.00	1121.00	264.00	31%	1250	560.50
7000	2,522.00	4,139.00	1,617.00	64%	3,500	2,069.50

# COMPARISON OF PROPOSED RESIDENTIAL RATES

Total average cost per kWh in US\$ (for 400 kWh)



# PROPOSED COMMERCIAL RATES & CHARGES

Current		Proposed
Rate Class	Tariff (\$)	Tariff (\$)
Rate Class B1 (kWh)	0.415	0.62
Customer Charge	25.00	35.00
Rate Class B2 (kWh)	0.61	0.67
Customer Charge	--	35.00

## What Changed ?

- B1 and B2 was formerly B and B1, respectively
- Moving B1, from bi-monthly to monthly billing
- Increase in the customer charge for B1
- Introduction of a customer charge for B2
- Increases in rates for both B1 & B2



# SAMPLE BILL IMPACT - COMMERCIAL RATES

## Commercial – Rate B1

### Electricity Used & Billed Bi-Monthly

Current Rates	
Total Energy Charge	207.50
Customer Charge	25.00
Sub Total	232.50
VAT @ 12.5%	29.06
<b>TOTAL</b>	<b>\$261.56</b>



New Proposed Rates	
Total Energy Charge	310.00
Customer Charge	70.00
Sub Total	380.00
VAT @ 12.5%	8.88
<b>TOTAL</b>	<b>\$427.50</b>

**Total Bill Bi-Monthly Increase = \$165.94**



New Monthly Bill	
	
<b>250 kWh</b>	
Total Energy Charge	155.00
Customer Charge	35.00
Sub Total	190.00
VAT @ 12.5%	23.75
<b>TOTAL</b>	<b>\$213.75</b>

# BILL IMPACT OF PROPOSED COMMERCIAL RATES (B1)

Consumption (kWh) Bi-monthly	Current	Proposed	Change		Proposed	
	Bi-Monthly	Bi-Monthly	Bi-Monthly		Monthly Consumption	Monthly
	TT\$	TT\$	TT\$	%	kWh	TT\$
500	232.50	380.00	147.50	63%	250	190.00
800	357.00	566.00	209.00	59%	400	283.00
1200	523.00	814.00	291.00	56%	600	407.00
1500	647.50	1,000.00	352.50	54%	750	500.00
2500	1,062.50	1,620.00	557.50	52%	1,250	810.00
5000	2,100.00	3,170.00	1,070.00	51%	2,500	1,585.00

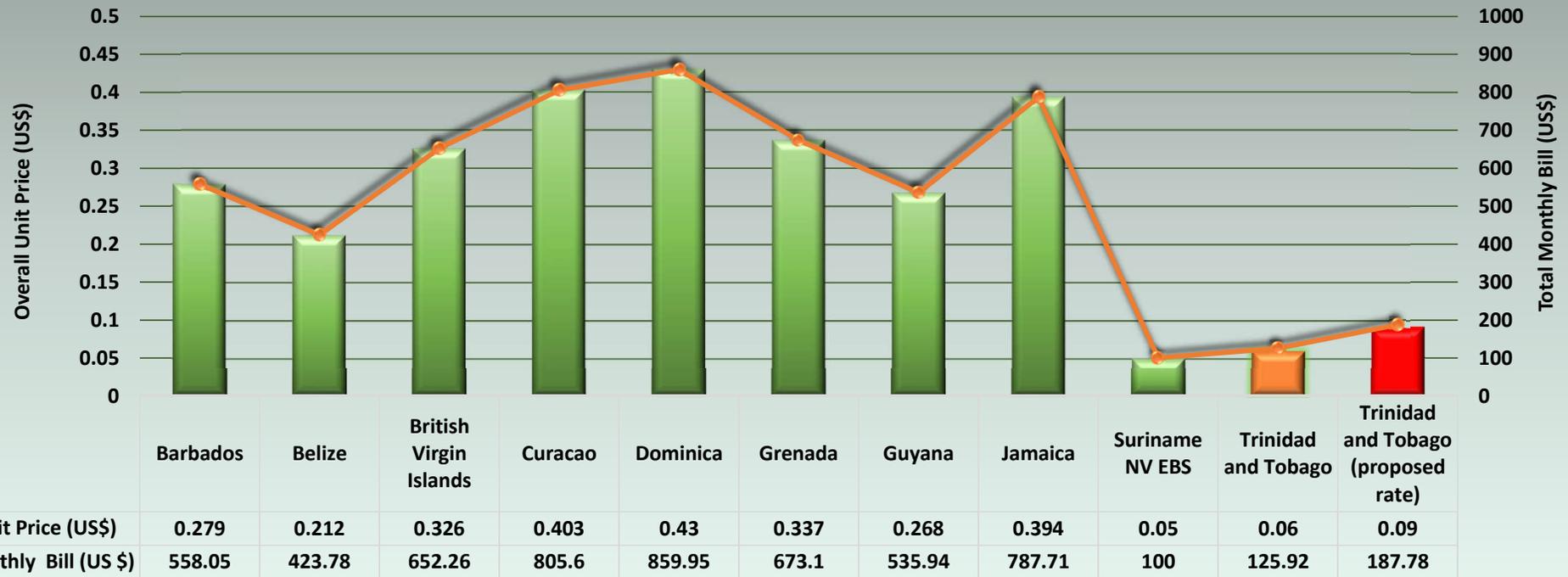
**NB: Bi-monthly information for new rates are presented for comparative purposes only. All customers will now be on a monthly billing cycle.**

# BILL IMPACT OF PROPOSED COMMERCIAL RATES (B2)

Consumption (kWh)	Current		Change	Change
	Monthly	Monthly	Monthly	Monthly
	TT\$	TT\$	TT\$	%
5000	3,050	3,385	335	11%
7000	4,270	4,725	455	11%
9000	5,490	6,065	575	10%
11000	6,710	7,405	695	10%
30000	18,300	20,135	1,835	10%
40000	24,400	26,835	2,435	10%

# COMPARISON OF PROPOSED COMMERCIAL RATES

Total Average Cost for a Commercial Customer using 2000 kWh and 5 kVA



# PROPOSED INDUSTRIAL RATES & CHARGES

New Rate Class (High Density)	Proposed	
	kWh Tariff (\$)	kVA Tariff (\$)
C1	0.6269	93.00
C2	0.5858	93.00
C3	0.5487	93.00
C4	0.5114	93.00
Customer Charge	50.00	

## What Changed ?

- Introduction of a new subclass of Industrial
- Customers who operate high-density technological businesses such as, server farms and data or cryptocurrency mining facilities.
- New sets of rates for Energy (kWh) Demand (kVA) Charges for all Rate Classes



# PROPOSED INDUSTRIAL RATES & CHARGES

Rate Class	Current		Proposed Rates	
	kWh Tariff (\$)	kVA Tariff (\$)	kWh Tariff (\$)	kVA Tariff (\$)
D1	0.199	50.00	<b>0.3453</b>	<b>86.75</b>
D2	0.218	50.00	<b>0.3859</b>	<b>88.50</b>
D3	0.183	42.50	<b>0.3418</b>	<b>79.37</b>
D4	0.167	40.00	<b>0.2877</b>	<b>68.90</b>
D5	0.16	37.00	<b>0.2756</b>	<b>63.74</b>
Customer Charge	-	-	<b>50.00</b>	

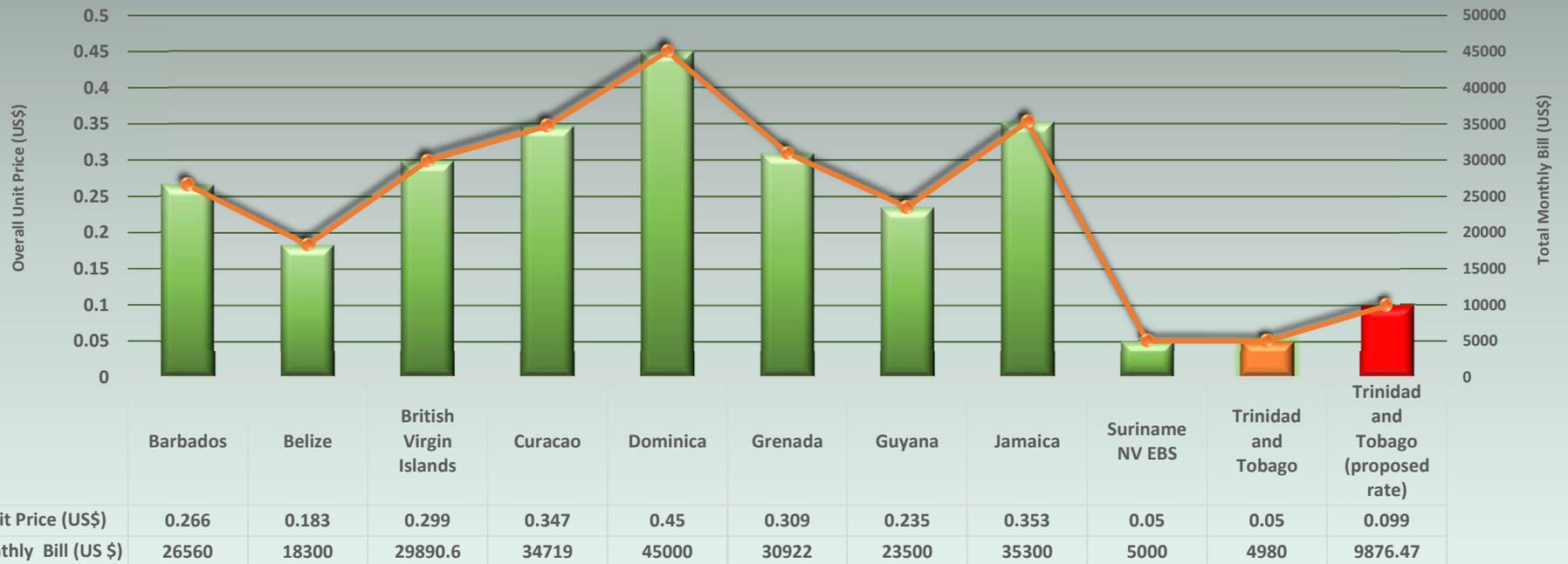
## What Changed ?

- Increases in rates for Energy (kWh) Demand (kVA) Charges for all Rate Classes
- Introduction of a customer charge for all Rate Classes



# COMPARISON OF PROPOSED INDUSTRIAL RATES

Total Average Cost for an Industrial Customer using 100,000 kWh and 375 kVA



# PROPOSED INDUSTRIAL RATES & CHARGES

Rate Class	Current		Proposed Rates	
	kWh Tariff (\$)	kVA Tariff (\$)	kWh Tariff (\$)	kVA Tariff (\$)
E1	0.145	44.50	<b>0.3305</b>	<b>96.90</b>
E2	0.145	44.00	<b>0.3305</b>	<b>95.74</b>
E3	0.145	43.00	<b>0.3305</b>	<b>93.63</b>
E4	0.145	42.00	<b>0.3305</b>	<b>92.30</b>
E5	0.145	41.00	<b>0.3305</b>	<b>91.33</b>
Customer Charge		-	<b>100.00</b>	

## What Changed ?

- Increases in rates for Energy (kWh) Demand (kVA) Charges for all Rate Classes
- Introduction of a customer charge for all Rate Classes



# BILL IMPACT OF PROPOSED INDUSTRIAL RATES

Class	Sample kWh and kVA	Current	New Rates	Change	
		Monthly Bill	Monthly Bill	Monthly	
		TT\$	TT\$	TT\$	%
D1	20,000 kWh, 90 kVA	8,480	14,764	6,284	74%
D2	1,000,000 kWh, 2,500 kVA	343,000	607,200	264,200	77%
D3	2,000,000 kWh, 10,000 kVA	791,000	1,477,350	686,350	87%
D4	4,000,000 kWh, 10,000 kVA	1,068,000	1,839,850	771,850	72%
D5	30,000 kWh, 14,000 kVA	522,800	900, 678	377,878	72%

# BILL IMPACT OF PROPOSED INDUSTRIAL RATES

Class	Sample kWh and kVA	Current	New Rates	Change	
		Monthly Bill	Monthly Bill	Monthly	
		TT\$	TT\$	TT\$	%
E1	2,000,000 kWh, 39,000 kVA	2,025,500	4,440,200	2,414,700	120%
E2	10,000,000 kWh, 110,000 kVA	6,290,000	13,836,500	7,546,500	120%
E3	60,079,900 kWh, 75,775 kVA	11,969,911	26,951,320	14,981,410	125%
E4	80,079,900 kWh, 102,774 kVA	15,928,094	35,952,547	20,024,454	126%
E5	101,347,472 kWh, 226,368 kVA	23,976,471	54,169,629	30,193,157	126%

# PROPOSED PUBLIC LIGHTING RATES

Rate Class	Current	2023 Proposed	
	Annual Per Fixture (\$)	Rate Class	Monthly Per Fixture (\$)
S1-1 to S1-4	848.72 - 372.92	<b>Streetlights – S1</b>	<b>82.50</b>
S2-2 to S2-4	450.08 – 282.91	<b>Traffic lights – S2</b>	<b>71.50</b>
		<b>Recreation Grounds – S3</b>	<b>306.50</b>

## What Changed ?

- Introduction of a new subclass of Industrial



# MISCELLANEOUS SERVICES CHARGES

Miscellaneous Service	Current Charges (\$)	Proposed Charges (\$)
Meter Check at customer's request:		
- If found in working order	194.00	246.00
- If found defective	No Charge	No charge
Visit for non-payment of account	234.00	297.00
Install meter and reconnect secondaries	194.00	246.00
Reconnect, disconnect and/or change meter	194.00	246.00
Reposition of secondaries	194.00	246.00
Change and/or reposition meter	194.00	246.00
Disconnection for non-payment	118.00	297.00
Reconnection after disconnection for non-payment	118.00	150.00

# NEW REGULATED CHARGES

<b>New Miscellaneous Service</b>	<b>Interim 2023 Charges (\$)</b>
HV isolation during normal working hours	4,689.36
HV isolation during weekends and public holidays	16,300.44
Direct single phase temporary supply	3,024.7
Direct three phase temporary supply	5,718.41
Temporary Supply (URD) "Stick in meter"	2,131.44

# SERVICE DEPOSITS

## For New Accounts



To be retained by T&TEC for 12 months, and thereafter returned to the customer



Can be increased from the existing \$95.00, to the value of one month's average bill (627 kWh)



Can be increased from the existing \$95.00, to the value of one month's average bill (1,361 kWh)



Can be increased from to the value of one month's average bill (the higher of 75% reserve capacity or minimum kVA consumption)

T&TEC and RIC to discuss how this will be implemented.

# RATE IMPACT ANALYSIS



The residential rates are within the World Bank guidelines on the percentage of income that should be spent on **electricity** (10%).



Electricity costs average 1.5% of total costs across all industries – The increase should not have a significant impact on total operating expenses and on overall business competitiveness.



The proposed tariffs meet the financial viability criteria, as required under the RIC Act.  
The rates deliver a healthy and sustainable financial outcome, and a predictable capital works programme

# PUBLIC CONSULTATION SCHEDULE





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**End of Presentation** *Protecting YOUR Interests*