CRBC
CONFEDERATION OF REGIONAL BUSINESS CHAMBERS

SUBMISSIONS TO THE RIC PERTAINING TO THE PROPOSED RATE INCREASE IN ELECTRICITY RATES

3rd March 3, 2023

Attention: Executive Director of the Regulated Industries Commission

A 70% increase in the price of the supply of electricity is a tough pill to swallow in an economy that is slow to regain its momentum particularly in the private sector of SME's where the level of commercial activity is low and inflation is high and unemployment is also high.

The Confederation of Regional Business Chambers (CRBC) understands the necessity of a stable secure and efficient supply of electricity and we also understand the costs associated with the generation of electricity particularly the supply of natural gas and other related activities.

The CRBC states that a staggered rate increase is the only viable option at the moment that will bring the least amount of disruption in the commercial business landscape within the private sector.

A staggered rate hike can coincide with the predicted increased economic growth (Ministry of Finance) into 2024 and if this materializes as the year moves forward then 2024 may be better suited to absorb the second-rate hike.

While the CRBC agrees with almost all sectors of business that the rate hike is ill timed and burdensome given the current economic climate. For far too long our public utilities have been mismanaged in terms of their financial management and performance metrics. Hence, public utilities as our state-owned companies need to be able to operate in a profitable basis in order to be able to continue to provide a supply of electricity that is stable and secure and efficient

We also submit that in addition to a rate increase, TTEC should also make reparations where necessary for power cuts that affect the operations of businesses, and given the current state of crime and the economy, business could hardly be expected to operate without power and a day of no power is a day of lost sales

It is noted while the figures on the chart appear to be fair compared to global prices, now is not the time for any rate increases, especially with economic pressures placed on businesses, more so the small and medium-sized enterprises (SMEs) and micro-businesses.

We just cannot add nor shoulder any more expenses to our operations. We are burdened by high-security cost, increased bank charges, fuel, little or no foreign exchange, shipping, customs, and high distributors cost generally. It must also be stressed that with the reduced sales due to unemployment from the shutdown of key foreign exchange sectors, the increasing crime, and the impact of Covid-19, businesses, cannot pick up this additional cost proposed.

The CRBC states that it is against this background, that the RIC should go back to the drawing board with T&TEC and, instead of proposing a hike, look at where all the fallout of income had come from and work out a plan to improve on their service to the population.

Chairman Vivek Charran has continuously explained that the rate hike will have a deleterious impact on fixed costs and while the rate hike may be absorbed easily by some businesses, others may not be in that same position to do so. In concluding, the CRBC emphasis that Economic activity in the country is not at pre-Covid levels.

It is noted that one argument of the RIC is that the proposed rate hike would be a marginal rise in the cost of electricity for much larger companies with high monthly and yearly gross revenue. However, for small and medium businesses the rate hike would only add to the operating costs in a time of inflation.

In fact, many different businesses have different electricity needs for the most part. Retail businesses have lights, air-conditioning, a few small appliances and cash registers. Any type of minimart scaling up to groceries and supermarkets would have chillers and freezers in addition to the usual electricity uses and the larger the establishment the more power consumed, the chamber chairman stressed.

The CRBC further states that for T&TEC to be able to afford its power generation costs, it must become profitable or be able to cover all its costs on its own, instead of burdening the nation with a rate hike at this time.

'This will add to the additional woes of inflation, low commercial activity/less revenue generated in business and stagnant employment levels in the private sector and makes us all a little poorer and deeply erode our quality of life,' he concluded.

For any further communication, kindly contact Mr Jai Leladharsingh, Coordinator of the Confederation of Regional Business Chambers

Mobile : 355-6777

Email : jleladharsingh@gmail.com