



FISHERMEN AND FRIENDS OF THE SEA

Comments on the Draft Determination for the Electricity transmission and Distribution Sector 2023-2027

Prepared by

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(FFOS)**

3rd March 2023



Although we disagree with the manner in which these consultations have been conducted, we thank you nevertheless for making the effort.

We understand and accept the need for state agencies to be financially sustainable, however, there must be a rational justification based on existing efficiencies. Rate increases must not be a burden placed on the vulnerable to cover up and bail out mismanagement, incompetence, political payback via employee padding and a lack of procurement integrity. Before considering a rate increase the RIC must carefully consider the internal operational efficiency of T&TEC. If management is not functioning at a minimum efficiency level and/or if an internal audit reveals inefficiencies, then these must be addressed first before the public is forced to bear the financial burden.

It is unreasonable to pass off government's failure to manage instead of first addressing and correcting these incompetencies and inefficiencies. Therefore, please furnish us with written responses to the following questions:

- 1. Has the RIC examined, accessed, and/or published the procurement procedures of T&TEC? What assurance can the public have that the purchases of goods and services are not being inflated with resulting kickbacks? Where there is no independent third-party oversight or accountability, can the RIC endorse that there is no corruption? Has the RIC examined any of the actual products procured by TTEC and compared the price paid and market price?**
- 2. Has the RIC done a comparative analysis of what T&TEC pays each of the three separate independent producers of energy? Please advise us if any comparative cost analysis or cost efficiency analysis has been done by the RIC? If not, why not?**
- 3. A substantive amount of energy is purchased from Trinidad Generation Unlimited (TGU) in La Brea.**

- a) **What is the production capacity of TGU?**
 - b) **Why does TGU not fall under the purview of the RIC as stated in the 'Review of the Status of Trinidad and Tobago Electricity Commissions 2016 -2019' Section 2-0 pg 9?**
 - c) **What is the value of debt owed by TGU to foreign creditors for its infrastructure and operational cost?**
 - d) **What are the monthly payments necessary to service this TGU infrastructure debt?**
4. In the 'Review of the Status of Trinidad and Tobago Electricity Commissions 2016 - 2019' Section 2-1 paragraph one, page 9, it is unclear what is the national production capacity and what is the national consumption. **What is the national production capacity and what is the national consumption? Is there surplus production?**
 5. **If there is surplus electricity generation as we are suggesting, then is the public being forced to pay a rate increase because the government built TGU without any proper forecast of consumption requirements? What is the excess electricity generation in the national grid?**
 6. **Does TGU have any agreement for a "reserve capacity" of consumption for the national grid? Is there any truth to the concern that T&TEC debt has increased in order to finance the TGU underutilized reserve capacity? Please provide exact data. Are poor people are being burdened by the poor planning decision to invest in excess production capacity by TGU?**
 7. Based on our understanding that presently Trinidad has an overcapacity of electricity generation one would expect that an export feasibility would be considered. **Has the RIC found any evidence of an investigation into the feasibility of exporting to our Caricom neighbors or to nearby Venezuela?**

8. **Section 3-1 System Losses pg 14**, the RIC points out that system losses have increased to almost double that of the United States Energy Information Administration (EIA) reported average. The RIC fails to mention any reason for such losses. **Please explain what are the causes of this doubling of losses over the past ten years?**

9. **Section 3.2 Network Reliability pg 15** again clearly shows that interruptions per customer is over four times more than the international standard and in the RIC's own words T&TEC performance declined in terms of frequency of failure, duration of failure, and "with respect to the time taken to restore power to its customers". The public perception is that both WASA and T&TEC are padded with unnecessary contract employees as political payback to party supporters. **Has the RIC, as it did in its last WASA Report (2018), compiled any data analysis comparing the number of employees to the number of customers as per international standards? Section 4.0, Labour Efficiency Indicators pg 22 outlines numbers of staff generally but why has the RIC failed to compare these numbers to any international standard?**

10. In **Section 3.3, page 17, Quality of Service Standards** shows once again that there was a whopping 35% increase in unplanned outages, that the length of time it took to reinstall service was longer, and that the number of failed street light reports doubled. **Has the RIC examined or done any comparative analysis of T&TEC management procedures as a possible cause for its accelerating inefficiencies? If not, why not?**

11. The RIC report may not have included sufficient information that could be used as a guide on how to restructure T&TEC. The RIC fails to mention critical data on T&TEC receivables. **What percentage of T&TEC debt is owed by the government itself? Please provide a detailed breakdown. T&TEC disconnects derelict private**

sector customers immediately and not the public sector. Has the RIC examined whether private citizens are being threatened by exorbitant rate increase because of derelict public sector customers?

12. In Section 5.1.2.2 “Uncontrollable Costs” pg 30 outlines that between 2016 – 2019 T&TEC decreased administrative and general expenses in excess of 430 million but fails to mention a breakdown of where this reduction occurred and where the ongoing, current and existing expenditure is allocated. Without clear procurement third party oversight what assurance does the public have that T&TEC management are not inflating expenditure? Shouldn’t the RIC have oversight and report on rationalizing T&TEC expenditure?

13. Regulated Industries Commission Act, Chap 54:73, Part II, The Regulated Industries Commission, Establishment of Commission, Section 6 page 8, Powers and Functions of Commission, states “The Commission may have and exercise such powers, functions and duties as are imposed on it by this Act and in particular (c) ensure, as far as reasonably practicable, that the service provided by a service provider operating under prudent and efficient management will be on terms that will allow the service provider to earn sufficient return to finance necessary investment; (d) “ carry out studies of efficiency and economy of operation and of performance of service providers and publish the results thereof; ”). Has the RIC carried out studies of efficiency and economy of operation and of performance of this service provider and published the results thereof? Is the RIC simply falling short of its legislative obligations?

14. Again, on Section 6, page 9 of the Act “the Commission may have and exercise such powers, functions and duties as are imposed on it by this Act and in particular is obligated to (k) “facilitate competition between service providers where competition is possible and desirable.” ” The Commission has not discussed the merits of competition which it is obligated to. In the modern world it is accepted that monopolies

do not serve the consumer. **Has the RIC examined other markets where privately generated renewable energy can be sold back into the national grid? If not, why not?**

15. Section 6(3) (a) page 10 is very specific that ‘the Commission shall have regard to the public interest and in particular that services are reliable and provided at the lowest possible cost. **Wouldn’t the cost to the consumer be decreased if renewable energy was incentivized with tax and duty allowances? Has the RIC considered the benefits of incentivizing renewable energy as one the ways to break the inefficient monopoly and reduce the distribution burden from T&TEC? If not, why not?**

16. **Has the RIC examined the management structure and/or made any comparative analysis to utility management structures elsewhere? If not, why not? Are there any independently successful private sector members to the Board? Has private sector co-management been considered? If not, why not?**

17. **Has the RIC examined the benefits of private sector renewable energy generation such as in Barbados?**

18. **In order to analyze T&TEC financial performance the RIC has failed to provide a breakdown of expenditure of wages, goods and services. Each category must be clearly profiled showing a comparative analysis of the cost wages, goods and services. All of which pivot on the procurement integrity of this utility. The RIC has so far failed to protect the public interest by evading its critical responsibility. **Please provide a detailed breakdown of number of persons in each category of employee with the total annual wage for that category.****

From what we have read there is no clear justification for a price increase. T&TEC must firstly function with accountability, efficiency, and transparency and currently they are not. Until we can get a clearer understanding with reliable data, it appears that citizens are being forced to bail out T&TEC mismanagement, corruption, and misuse of public funds.