

March 3, 2023

Mr. Glenn Khan
Executive Director
Regulated Industries Commission
#88 Queen Janelle Commissiong Street,
Port of Spain, 100624
Trinidad

Re: Comments on the Draft Determination for the Electricity Transmission and Distribution Sector 2023-2027

Dear Sir,

The Trinidad and Tobago Civil Advocacy Network (TTCAN) is a registered non-profit organisation operating in Trinidad and Tobago. Our membership comprises a wide cross section of groups (NGOs and CBOs) and individuals who are both citizen- stakeholders in T&TEC and consumers of electricity.

Position Statement

TTCAN calls on the Regulated Industries Commission (RIC) to immediately communicate to the Trinidad and Tobago Electricity Commission (T&TEC) that all increases in electricity rates be deferred until the RIC is able to access valid socio-economic data from The Household Budget Survey and Survey of Living Conditions, currently being conducted by the Central Statistical Office (CSO) – Ministry of Planning and Development. These two (2) Surveys, scheduled for completion in January 2024, will provide the RIC with pertinent, up-to-date data, necessary for the formulation of a credible Determination for the Electricity Transmission and Distribution Sector 2024-2028.

Rationale

TTCAN reminds the RIC that its Mission¹ is to build “*a credible regulatory regime that responds adequately to stakeholders’ concerns*”. The RIC’s current Draft Determination (2023-2027) fails to proffer a “credible regulatory regime” that is considerate to the financial constraints of the citizen-consumer. The RIC:

1. Admittedly based its calculations on obsolete average household income data (CSO 2008/2009) in the formulation of the rate increases rather than wait for valid, current data provided by the forthcoming **Household Budget Survey and Survey of Living Conditions**.
2. Failed to consider that household purchasing power has been crippled by:
 - a) Increases in Unemployment
 - b) Decrease in the Labor Force Participation Rate

It is likely that post COVID-19, many households are subsisting on a single earner working for minimum-wage (<TTD 4000.00/month)

¹ <https://www.ric.org.tt/about-us/vision-and-mission/>

3. “Has not considered the broader impact on inflation” (pg.187) and the impact of such inflation on households’ purchasing power post COVID-19, Re:

- I. ~ 50 % Food Inflation
- II. Rising Transportation costs
- III. Astronomical Increases in the national Consumer Price Index (Appendix 6)

World Bank data, Trading Economics, Central Bank of TT Data, Newspaper Reports and other Qualitative analyses offer ample evidence that:

- Labour force participation rate in Trinidad and Tobago has declined²
- The cost of Basic Essentials and Necessities have escalated³
- Poverty has increased.
- Hunger has increased⁴.
- A growing number of persons are subsisting on minimum wage.

Considering the realities of households at a time when access to electricity is needed to for:

- Internet and Wi-Fi access to online schooling and work from home;
- Security lighting and use of electronic gates and electrified fencing in the face of rising crime;
- Electric water pumps due to inadequate and/or irregular supply of water;

it is irresponsible of the RIC to simply assume that the outdated monthly average household income of TTD7,223.40 stated in the CSO 2008/2009 survey demonstrates that households will have the ability to absorb electricity rate increases given that households are now bearing the brunt of runaway inflation on all other goods and services. Upon examination of the same outdated CSO data⁵ it is patently clear that this figure was already 30 to 40% above the average income of rural households.

TTCAN asserts that in light of the preceding factors, the **RIC has recklessly overestimated Household Income and Purchasing Power** and is likely in breach of the Regulated Industries Commission Act Chapter 54:73 Part VIII, Item 67, (3) (c) and (g) - pg.33 since the lack of relevant, up-to-date data, prevents the Commission from being able to ‘have regard to’:

(c) the ability of consumers to pay rates

(g) The rate of inflation in the economy for any preceding period as may be considered appropriate.

² See Appendix (4)

³ See Appendix (6), (7), (8), (9)

⁴ See Appendix (10)

⁵ See Appendix (11)

Conversely the RIC seeks to protect T&TEC from any inflationary pressures on its revenue over the review period and this is clearly outlined on page 167 of the draft Document:

“The price control mechanism/formula sets out the way prices will be adjusted annually to meet the forecast revenue requirements over the regulatory control period. At a minimum, the prices in each year of the regulatory control period will have to be adjusted by the rate of inflation and the X-factor. There may also be a case for adjusting prices where an unforeseen event that is outside the control of the service provider, impacts significantly on its costs during the regulatory control period. The RIC has proposed a Trigger mechanism to cater for such events.

TTCAN is concerned that in order to compensate for inflationary impacts on the revenues and operations of T&TEC (including depreciation costs), the RIC has indexed the increased electricity rates against the Retail Price Index (RPI), subject to an efficiency factor (X). This formula has serious implications for the stability of the economy and the welfare of the people since, any increase in electricity rates which has an inflationary effect on goods and services, will, in turn, feed back into the RPI, which is then used to generate another cycle of increased rates and another wave of inflation. The danger of sustained knock-on inflation caused by employing this formula cannot be ignored.

TTCAN rejects the RIC’s current draft Determination which gives consideration to the needs of the service provider over the socio-economic challenges faced by consumers. For a 298-page document, the 1-page section on “Impact on Household Expenditure and Welfare” is grossly inadequate and rife with speculation and omissions. It lacks any comprehensive and current data which reflect the economic realities of lower and middle- income households. Any Determination – draft or otherwise – which contravenes the RIC’s mandate to ensure equitable and affordable access to utilities for the citizens is a breach of the RIC Act and constitutes a failure on the part of the RIC. If the RIC fails to heed the public’s justifiable concerns, then public consultations are merely performative and amounts to a waste of taxpayers’ funds.

We look forward to acknowledgment and consideration of our submission

Regards,
TTCAN Executive

Appendix:

1.

Chap. 54:73 *Regulated Industries Commission*

(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.

(3) In the performance of its functions, the Commission shall have regard to the public interest and in particular—

- (a) to maximum efficiency in the use and allocation of resources to ensure as far as is reasonably practicable, that services are reliable and provided at the lowest possible cost;
- (b) to equal access by consumers to service;
- (c) to fair treatment of consumers and of service providers similarly placed;
- (d) in respect of consumers similarly placed, to non-discrimination in relation to access, pricing and quality service;
- (e) current national environmental policy.

2.

Regulated Industries Commission
27 February at 11:28 · 🌐 · 🌐

REMINDER 📌 !!

REQUEST FOR COMMENTS - DEADLINE DATE - FRIDAY 3RD MARCH 2023.
DRAFT DETERMINATION FOR THE ELECTRICITY TRANSMISSION AND DISTRIBUTION SECTOR 2023-2027.

All interested parties are reminded to submit comments on this draft document in print or electronic format by FRIDAY 3RD MARCH 2023.

[#draftdetermination](#) [#requestforcomments](#)

Reminder

REQUEST FOR COMMENTS

The Regulated Industries Commission is reminding interested parties to comment on the following document:

Draft Determination for the Electricity Transmission and Distribution Sector 2023-2027

3.

TRINIDAD AND TOBAGO
NEWSDAY News Latest Sports Sections

NEWS
Slow Xmas sales in south
RHA CHATTERAM MONDAY 23 DECEMBER 2019



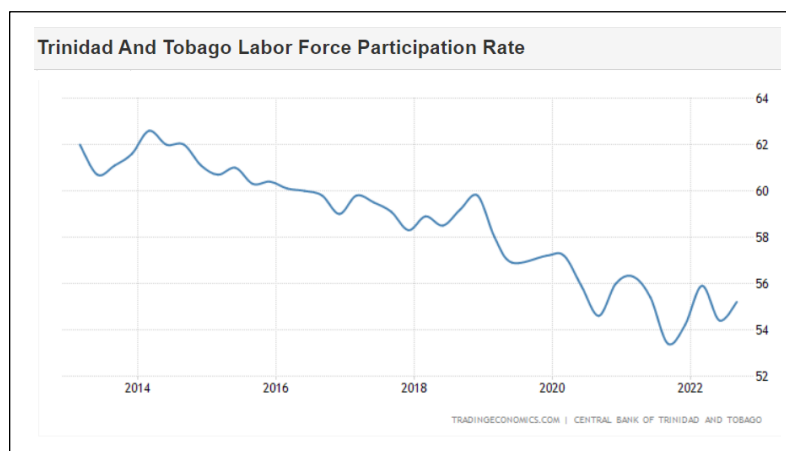
NEWS SPORTS BUSINESS **Daily Express**
TV World Express Premium

Business leaders agree Christmas sales look bleak
Emily Leon Singh Oct 3, 2021

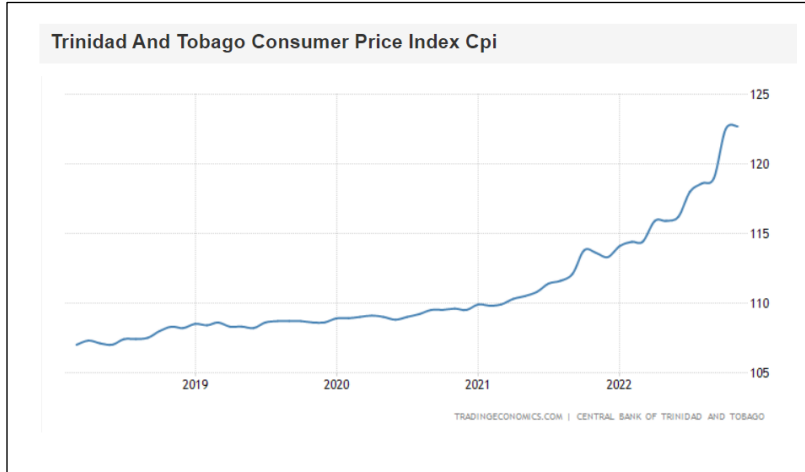
SINCE the onset of the Covid-19 pandemic in Trinidad and Tobago, many small and medium-sized businesses have been struggling to stay afloat, and there seem to be few tidings of great joy in the imminent future.

While some retailers still hold out hope for a boost in sales for the festive season, President of the Chaguanas Chamber of Commerce, Vishnu Charran is preparing for the worst.

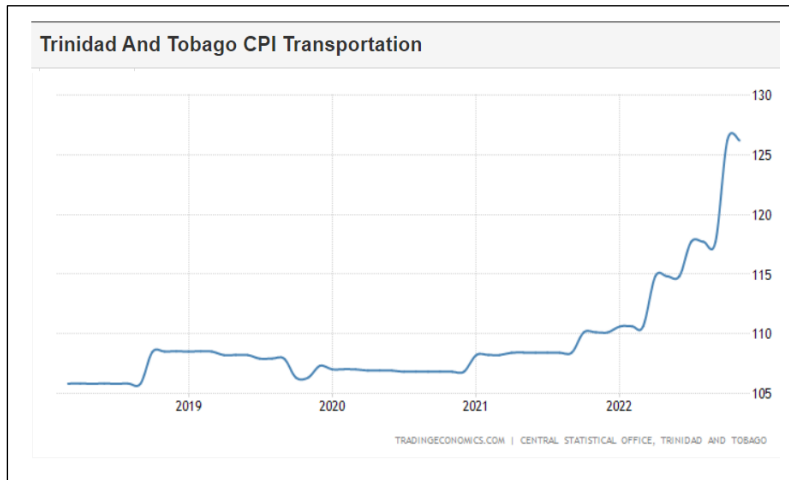
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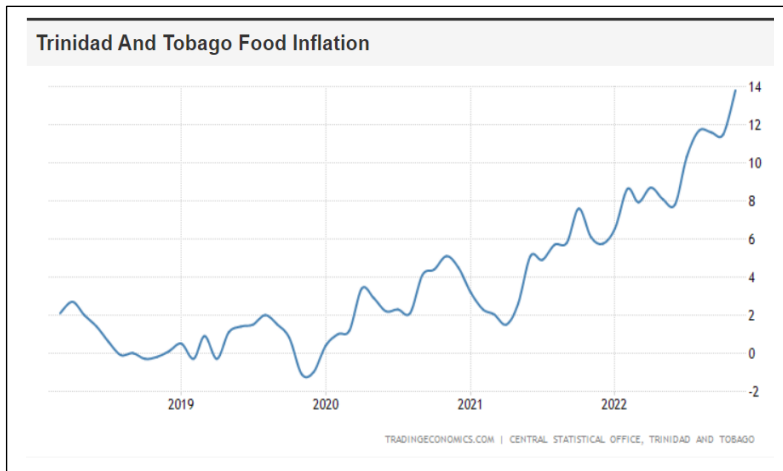
6.



7.



8.



9.

The screenshot shows the top portion of a news article on the Daily Express website. The navigation bar includes 'MENU', 'NEWS', 'SPORTS', 'BUSINESS', the 'Daily Express' logo, 'E-PAPER', and 'CLASSIFIED'. The main headline reads '45.9% increase in food from 2015-2022, says economist'. Below the headline, it identifies the author as 'Urvashi Tiwari Roopnarine CCN Multimedia journalist' and the date as 'Jan 18, 2023'. A photograph of a woman in a grocery store aisle is visible. To the right of the photo, there is a list of other news items, with the first one being '1 New hotel s... six months' and the second being '2 NGC holdin... dollar inves...'. The article text is partially obscured by a watermark.

10.

Trinidad and Tobago Hunger Statistics - Historical Data		
Year	% of Population	Annual Change
2020	7.50%	0.20%
2019	7.30%	0.30%
2018	7.00%	0.10%
2017	6.90%	0.10%
2016	6.80%	0.00%
2015	6.80%	0.20%
2014	6.60%	0.00%
2013	6.60%	-0.10%
2012	6.70%	-0.50%
2011	7.20%	-1.00%
2010	8.20%	-0.90%
2009	9.10%	-0.50%

11.

Region	Average Monthly Household Consumption Expenditure
City of Port of Spain	6878
Mayaro Rio Claro	5093.7
Sangre Grande	6809.1
Princes Town	7445.9
Penal Debe	7436.1
Siparia	5543.5
City of San Fernando	6970.7
Borough of Arima	7457.5
Borough of Chaguanas	6496
Borough of Point Fortin	5852
Diego Martin	8733.1
San Juan Laventille	7160.3
Tunapuna Piarco	7718
Couva Tabaquite Talparo	7969.2
Tobago	5936.9

Source: CSV File of 2008/2009 Household Budget Survey Downloaded