TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

RESPONSE TO THE REGULATED INDUSTRIES COMMISSION'S (RIC'S) DRAFT DETERMINATION FOR THE REGULATION OF ELECTRICITY TRANSMISSION AND DISTRIBUTION 2023 – 2027

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1	xxv and 80	Executive Summary and 7- Operating Expenditure	Draft Price Determination and 7.5 Review of Forecast Opex	1– Tariffs for Transmission and Distribution Services and 7.5.2.9 – Fuel Costs	Table ES4 listed the tariffs for 2023, **however, it did not include a Fuel Charge Adjustment as T&TEC requested.** Also, page 22 of the Determination states: "*Conversion and fuel costs, which constituted about 70% of T&TEC's total costs in PRE1, were treated largely as pass-through items as these are considered non-controllable input costs for T&TEC and are subject to contractual arrangements;*" In addition, page 12 of the said document states: "*the tariffs, in general, should be broadly cost reflective;*" On page 80 RIC states as follows: "*The RIC will allow a fuel cost pass-through of 95% which is greater than the amount allowed in PRE1.*" Page 81 states as follows: "*The RIC strongly recommends that T&TEC remains current in settling its debt related to gas usage and therefore, the following measures will apply*:" Given the above, it is unfair and unreasonable that the cost pass-through is not 100% and Fuel Charge has not been re-introduced given the following: • There is no real prospect of renegotiating heat rate targets/limits with the IPPs within the existing PPA contract terms and none of the PPAs will expire within PRE2. Hence, T&TEC's only influence on system thermal efficiency and therefore on the fuel cost per unit of electricity generated, is by prudent generation dispatch and minimisation of spinning reserve. T&TEC's operational practice in these areas is already virtually optimal so that a further decrease in heat rate of just one percent would be a very significant achievement. T&TEC therefore has no realistic prospect of achieving the 5% reduction in heat rate implied as a target by the 95% pass-through. • Further, the energy component of the conversion cost is normally reflective of the IPP's operating cost. Thus, given that 100% of the energy component of the conversion cost is allowed, indicates that the generators' operating cost is deemed to be efficient. • The tariff is not truly cost reflective if this major **uncontrollable** cost item is not fully accounted for. • It is extremely unfair and impractical for the RIC to strongly recommend that NGC payments are kept current when the recovery of this cost occurs months or potentially even years after the cost is incurred and paid by T&TEC.

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					• Given the backlash experienced in the consultations against the magnitude and timing of the rate increase as a result of another 14-year gap, it is obvious that regular marginal increases are more palatable for both customers and the economy. This will be better facilitated via a monthly automatic fuel charge rather than part of an annual or 14-year rate review process. • Customers will also benefit if the price of gas falls below the US$3.00 as currently exists, via timely bill reduction. Also, given the significant sums owed to NGC largely due to rates that did not allow T&TEC to make this commitment, and the fact that T&TEC's operational practice as stated above is virtually optimal and so the reduction of the heat rate by 5% is unrealistic, **what is the rationale for a 95% fuel cost-pass through as opposed to 100%? How does this support efforts to ensure that we are able to meet our fuel bill?** **A meeting is therefore required with the RIC on this matter to discuss realistic expectations and T&TEC's capabilities.** Furthermore, given the implementation of the Quality of Service (QSS) Scheme for the Electricity Generating Entities in Trinidad and Tobago which became effective on October 1, 2021, **T&TEC suggests that the RIC establish Guaranteed Standards under this scheme, related to heat rate efficiency, thus incentivising these generating entities to reduce same.** Also, T&TEC urges the RIC to request that the First Schedule of the RIC Act be amended to include TGU in the list of Service Providers so that this Generating Entity can be regulated, and QSS targets set.
2	xxv	Executive Summary	Draft Price Determination	1– Tariffs for Transmission and Distribution Services	Table ES4 listed the tariffs for 2023 including the minimum monthly bill of 5,000 kWh for B2 (formerly B1). However, no mention was made of the minimum bill for Industrial customers which is normally the higher of 75% of the declared Reserve Capacity or the minimum kVA limit of the tariff class. In addition, the minimum bill for the other tariffs were not stated. **The RIC is requested to specify the minimum bill for all tariffs in the final determination including the Industrial and High-Density tariffs.**
3	xxv	Executive Summary	Draft Price Determination	1– Tariffs for Transmission and Distribution Services	The RIC provided no response to T&TEC's recommendation to introduce a 2-tiered customer charge to encourage customers to migrate to Ebilling.

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					T&TEC's recommendation is based on the need to reduce costs related to the printing and billing of customers, even more critical with the shift to monthly billing, as well as to be consistent with the government's digital transformation policy. This is also in alignment with the RIC's mandate to improve efficiency, thereby potentially reducing future tariff increases, which is in the public's best interest. This recommendation we believe is also consistent with section 3(d) of the RIC Act.
4	xxx	Executive Summary	Draft Price Determination	6– Annual Price Approval Process during the Control Period	T&TEC has no objection to the requirements stated in this sub section; however, regarding the requirement for T&TEC to inform customers of the new tariffs at least two weeks before implementation through publication in at least one daily newspaper in circulation in Trinidad and Tobago, this will be communicated in one daily newspaper in circulation in Trinidad and in a newspaper circulated in Tobago.
5	xxxiii	Executive Summary	Directives and Decisions	E– Operating and Performance Efficiency iv – Prescriptive Annual Targets	The RIC stated that "*T&TEC will be required to share with the RIC evidence of its initiatives to improve efficiency. T&TEC will be required to undertake a study of Opex cost efficiency and present the report to the RIC within 30 months of the publication of the final determination. Some of the areas that should be included in the study are:* - *unit cost of faults per km;* - *unit cost of tree cutting; and* - *non-network Opex cost per unit.*" T&TEC will require clarification from the RIC on the requirements of the above stated areas of study; for example, are transmission costs to be provided versus distribution costs etc. A meeting is required with T&TEC and the RIC to discuss the requirements before T&TEC can begin to prepare the report.
6	xxxiii	Executive Summary	Directives and Decisions	F– Capital Expenditure Capex Reporting Framework	The Project Management Office (PMO) which has already been established in T&TEC would need to be developed fully to accommodate the Capex reporting needs of the RIC.
7	xxxiii	Executive Summary	Directives and Decisions	F– Capital Expenditure Capex Reporting Framework	The RIC suggested the implementation of a system of regular engagement with T&TEC to monitor Capex projects and ensure that Capex spend is in line with the RIC's allowances. T&TEC suggests that *Terms of Reference* be defined for these meetings/engagements.
8	xxxiv	Executive Summary	Directives and Decisions	F– Capital Expenditure	The RIC stated that T&TEC must provide detailed data on each project annually (to be called Annual Investment Return). The information to be submitted in the Return will include:

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				Capex Reporting Framework	- forecast and actual project spend for the year - explanations of financial variances; and - physical progress of the project against defined milestones. The RIC is requested to provide clear requirements so that T&TEC can provide the necessary information. A meeting is therefore requested with the RIC and a template should be provided. In addition, the RIC stated that "*The Annual Investment Return is to be supported by the submission of quarterly returns to facilitate ongoing monitoring of T&TEC's Capex*". The RIC is required to provide templates for both the *quarterly* and *annual* returns. However, T&TEC suggests *semi-annual* as opposed to *quarterly* returns be provided instead.
9	xxxiv	Executive Summary	Directives and Decisions	F– Capital Expenditure Capex Reporting Framework	The RIC stated that they would apply Public Disclosure of Non-Compliance and/or Public Register notices on the RIC's website and that "t*hrough these notices, the RIC will publish the occurrences and the manner in which T&TEC has not complied with any targets set for its achievement, inclusive of allowed capital investment projects."* T&TEC must be granted an opportunity to provide reasons for non-compliance and the non-compliance not published where valid reasons are provided. If the RIC still decides to publish T&TEC's non-compliance, T&TEC may respond to the public accordingly. Also, if the RIC must employ the use of Public Disclosure notices, it should publish occurrences of compliance and not only those of non-compliance to provide a balanced perspective of performance in this area.
10	xxxiv	Executive Summary	Directives and Decisions	F– Capital Expenditure Capex Reporting Framework	The RIC stated, "*that the Board of T&TEC provide self-certification assurances, in writing, for projects listed under the heading "Use of Tariff Revenues". This will provide a documented commitment (certification assurances) by T&TEC's Board to fulfil regulatory mandates, and to desist from using tariff revenues for activities not approved by the RIC."* The Management of T&TEC is very committed to meetings its directives including the use of tariff revenues for the projects specified for PRE2. The Management of T&TEC has no intention of asking the Board to sign self-assurance certificates.
11	xxxv	Executive Summary	Directives and Decisions	F– Capital Expenditure	The RIC stated that they "*may require the use of a self-assurance process, the details of which must be submitted by T&TEC to the RIC at the time of a submission of a Business Plan, in which there*

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				Capex Forecasts in Subsequent Price Reviews	*is an assurance by T&TEC's Board that Capex projections accurately reflect the underlying information base".* The Management of T&TEC has no intention of asking the Board to provide this assurance and will endeavour to ensure that the Capex projections are accurate.
12	xxxv	Executive Summary	Directives and Decisions	F– Capital Expenditure Capex Forecasts in Subsequent Price Reviews	The RIC stated that they may require "*the employment of a "Reporter" (independent consultant/engineer) to interrogate T&TEC's Capex plan, and whose findings will be considered in the RIC's assessment of the service provider's proposals. The service provider will pay the Reporter's costs, but the Reporter is approved by the RIC and will be responsible to the RIC."* T&TEC disagrees and suggests that the RIC conducts its own audit at its own cost. In addition, T&TEC dislikes the connotation of "Reporter".
13	xxxvi	Executive Summary	Directives and Decisions	G– Incentive and Performance Monitoring Reliability Improvements	The RIC requested that T&TEC should undertake various measures to maintain and improve reliability including monthly management area meetings, half day versus whole day planned outages, greater utilisation of live line techniques, setting performance targets etc. It should be noted that these 4 reliability measures are already being utilised in T&TEC. The RIC suggested half-day outages versus whole day planned outages. Although this strategy is currently utilised where possible, half-day outages are simply not cost efficient and may be insufficient to accomplish the necessary works. T&TEC requires the flexibility to exercise the use of one strategy versus the other as it deems fit. The RIC also requires T&TEC to report *semi-annually* on its efforts and various measures utilised to improve reliability. T&TEC proposes that this be reported *annually* instead.
14	xxxvii	Executive Summary	Directives and Decisions	G– Incentive and Performance Monitoring Customer Service and Responsiveness	The RIC listed key performance indicators (KPIs) and descriptions for T&TEC's call centre such as service level, average handle time, average speed of answer and call abandonment rate. This matter will have to be discussed at depth with the RIC to ensure that T&TEC is provided with detailed requirements for these KPIs. This is necessary to ensure that the proposed KPIs align with the statistics of a utility industry as well as the capabilities/configuration of T&TEC's current call centre system. An area to be discussed, for example, is whether the statistics pertain only to calls where the customer has opted to speak with an agent, as the system allows for customers to make outage reports and receive outage information without talking to a T&TEC representative. The outcome of these discussions must be well documented.

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					On page 115, the RIC proposed the "Service Level" metric to assess call centre efficiency with the target of "*80% of calls are answered in 20 seconds*". It should be noted that this is extremely unrealistic for the utility industry.
15	xxxix	Executive Summary	Directives and Decisions	G– Incentive and Performance Monitoring	The RIC stated that "*T&TEC must employ an independent auditor to review its data collection and dissemination process, and to verify that the data and computations used to derive the values of the indicators are both valid and reliable. The auditor should be hired, and the report submitted by the third year of PRE2. The RIC will also ensure that the independent auditor's report is made public.*" T&TEC disagrees with this and suggests that if the RIC considers T&TEC's data submissions questionable, they should employ this auditor at their own cost.
16	xl	Executive Summary	Directives and Decisions	G– Incentive and Performance Monitoring	The RIC stated inter alia that "*T&TEC must provide updates on performance indicators* ***within the electricity bills of customers once annually****. T&TEC will be required to include information on specific "traffic signal" indicators as shown in Table ES7"* Because of the severely limited space on the bills exacerbated by the introduction of a fourth tier for Residential customers, and the significant time and cost to effect the necessary system changes and testing required, T&TEC strongly suggests alternative options for disseminating the information such as via the newspapers, T&TEC's website and Facebook page. The latter two are the most cost-efficient approaches. The RIC is also requested to provide clarification on the frequency of disseminating the traffic signals as the RIC stated on page 200 of Chapter 13 that "*T&TEC must provide* ***bi-annual updates*** *on performance for key performance indicators* ***with utility bills***." T&TEC proposes that this be published *annually* to reduce costs.
17	xl	Executive Summary	Directives and Decisions	H– Conservation	The RIC stated that "*T&TEC should implement major initiatives for reducing households and businesses energy consumption. These initiatives can include:* • *providing reasonably priced energy assessments, power saver kits and advice; and* • *rebates to small businesses/households installing small-scale solar photovoltaic (PV) systems."* T&TEC has and will continue to provide advice on energy conservation and energy efficiency methods to its customers and will increase its efforts to do so, going forward.

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					T&TEC notes the RIC's suggestions for providing reasonably priced energy assessments and power-saver kits. This will require research to determine the feasibility of such initiatives given current resources. Additionally, the decision to provide rebates to customers who install PV systems is outside of the remit of T&TEC and within that of the Government, similar to other rebates such as the 35% rebate and Utilities Assistance Programme.
18	xli	Executive Summary	Directives and Decisions	J– Energy Efficiency Programme	The RIC stated that T&TEC would be required to continue and intensify its efforts regarding customer education on energy reduction and efficiency, and report *bi-annually* on its efforts in this area. T&TEC proposes that this be reported *annually*, instead.
19	51	6 – Review of the Performance of T&TEC	6.3 Financial Performance		In Table 6.3: Key Financial Statistics, 2017-2021, please clarify what comprises Total Assets, Total Liabilities, Net Debt and Operating Cashflow and the actual source document used. **The RIC has disallowed over $2B in expenditure and has not factored in the impact of IFRS 16.** **As a result, T&TEC's accounts, which are based on International Accounting Standards, are likely to reflect a financial deficit during PRE2 despite the expected regulatory surplus on the regulatory accounts.**
20	71 - 73	7 - Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.2 – Payroll Costs	Figure 7.4 on page 71 shows T&TEC's forecast of reduced employee numbers from 2,792 in 2023 to 2,592 by 2027 which includes temporary staff. As the Commission has now made roughly 250 temporary employees permanent, the salary related costs for the Commission will now increase beyond previous provisions by approximately $8.5M annually. As such, the annual revenue requirement would need to be adjusted accordingly.
21	72	7 - Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.2 – Payroll Costs	In Table 7.4, the RIC disallowed $1.116.41B in employee-related costs. **The RIC is requested to provide details of this reduction.**
22	72 - 73	7 - Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.2 – Payroll Costs	The RIC stated that "*T&TEC can improve its productivity by re-examining the size and composition of its linesman crews. The RIC is aware that the configuration of crews is subject to agreements with its unions, but expects T&TEC to examine its options for achieving*

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					productivity gains through rationalisation of its linesman crews, inclusive of ***the elimination of the position of a designated driver****.* *T&TEC is therefore required to submit a detailed Report to the RIC, within 18 months of the publication of the Final Determination for PRE2, indicating what steps had been undertaken and what are proposed to* ***improve efficiency with respect to the size and composition of its T&D crews. T&TEC must also outline the changes to be made in the future regarding the composition of linesman crews for typical construction and maintenance jobs of the utility****.* *To ensure that customers do not continue to pay for any inefficiencies, the RIC has not included the cost of designated drivers into allowed Opex from the third year of the regulatory control period."* The Management of T&TEC structures crews based on the nature of the work. T&TEC has proposed the implementation of the position of Driver/Craftsman, which is currently before the Industrial Court and is scheduled for Hearing in July 2023. Notwithstanding this, the size of the construction, maintenance and substation crews are adequately sized without a designated driver. **Also, although T&TEC fully agrees with the RIC's measure to eliminate the position of a designated driver and will continue to make every effort to accomplish this, it is constrained by the decisions of the court.** T&TEC may consider the use of 1- or 2-man crews for emergency and minor repair jobs. For Emergency crews, it may be possible to have a 1-man crew as a 'runner' and another crew comprising 3 men on each shift (except 11-7 shift) to resolve more complicated issues that the 1-man crew couldn't address.
23	74 -75	7- Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.4 – Materials and 7.5.2.5 – Services/Maintenance	The RIC reported reductions in projected Material and Services/Maintenance costs. **What basis was used by the RIC to establish a 6.7% decrease in expenses in materials over the 5-year period?** Given the improved level of service reliability, etc. expected in this regulatory control period by the RIC, materials expenditure should not be cut, unless it can be shown exactly which aspects are being cut by the RIC, with adequate explanation. But to impose service improvement targets without appropriate funding and in addition apply penalties, seem a bit unfair, if not disabling. Further to the need to maintain and improve on system reliability, this seems to be

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					an onerous demand on T&TEC given the ageing infrastructure. In addition, the costs of materials are continuously increasing despite T&TEC's efforts to utilise materials more efficiently. **The RIC is requested to provide the rationale for these cuts and the details on the method used to cost distribution and transmission expenditure.** The RIC requested that T&TEC submit its actual cost in the Service/Maintenance expenditure category. The RIC is asked to provide a template for this and to explain how their costs were derived so that T&TEC can provide what is expected. Also, the RIC is asked to clarify where administration, general and commercial costs are accounted for in the RIC's breakdown of costs.
24	78	7- Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.8 – Conversion Costs	This Section states that "*The RIC's view is that a 98% pass-through of capacity payments and 100% pass-through on the energy component of conversion costs is appropriate for PRE2*'. Generators' capacity charges are usually reflective of the financial arrangement made to fund and construct the generating plant, that is the generators' costs for financing project capital. This is not determined or influenced by T&TEC in any way and is totally determined by the capital markets available to the generators at the time of plant development and construction. **The question that arises therefore is what is the RIC's rationale for a 98% pass-through on this charge?** Secondly, T&TEC is unable to negotiate a lower capacity charge with the Independent Power Producers (IPPs) during the regulatory control period as the Power Purchase Agreements (PPAs) are due to expire after PRE2. What is the basis for what seems to be the RIC's position, that the operators did not incur economically efficient capital costs and why is T&TEC being exposed to the excess of these costs over the allowed capacity costs? **There should be 100% cost pass-through on capacity charges.**
25	78	7- Operating Expenditure	7.5 Review of Forecast Opex	7.5.2.8 – Conversion Costs	The RIC stated that "*With respect to the solar PV plants, it is anticipated that these will be operational from 2025 and the RIC has provided for energy payments. The RIC expects to monitor these costs closely and will make necessary adjustments at the time of its annual tariff adjustment if the Solar PVs are not commissioned as anticipated.*"

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					The RIC must make provision for the early commissioning of the Renewable Energy plants as the Orange Grove and Brechin Castle solar PV plants are due to be commissioned in Quarter 2, 2024 and Quarter 4, 2024 respectively. In addition, the negotiated PV energy price has now increased considerably. As such, the forecasted Opex must be adjusted to factor in this change. This will be discussed with the RIC.
26	101 - 104	8 – Capital Expenditure	8.6 Review of Forecast Capex	8.6.3 – Assessment and RIC's Allowed Capex	This Section states "*The RIC's allowed Capex for PRE2 is $1,677.3 million, which is $561.4 million, or 25% less than that requested by T&TEC*" and further explains the main considerations in determining the allowed Capex. Additionally, on pages 103 and 104, a breakdown is given by year/project area and project area with general remarks respectively, of T&TEC's requested versus the RIC's allowed Capex. **However, please identify *specifically* the Capex that has been disallowed or reduced and the reason for so doing.**
27	111-113, and xxxvi	9 – Incentives and Performance Monitoring and Executive Summary	9.3 Service Indicators and Directives and Decisions	9.3.1 – Improving Service to Worst Served Customers and Incentive and Performance Monitoring	The Draft Determination stated that reported outages ranged from 2 - 29 per month, how then did the RIC establish a target of no more than 3 interruptions per month by location, within/by the end of the first 2 years of PRE2? Should there not be a systematic approach to targeted reductions per year, that would achieve this objective over a reasonable period of time? Further, has an appropriate level of funding been allowed by the RIC for the projects to improve reliability to this target within this timeframe? If these have been cut, is it reasonable to expect or set this target by the beginning of the 3rd year of PRE2? Adequate funding should also be provided on the Opex side. Has the RIC allowed full funding for maintenance efforts that will support meeting this target or has this been reduced? To reduce funding and at the same time stiffen targets and impose penalties may be somewhat onerous. Finally, the details given by the RIC are vague on what constitutes an interruption. The following need to be clarified: • Are only unplanned interruptions counted? If so, what is the RIC's definition of an unplanned outage? • Are momentary outages counted, that is, outages with a duration of less than a minute caused by the tripping and successful reclosure of the circuit? T&TEC suggests these should not be counted due to the very short duration and the fact that they originate from factors outside of T&TEC's control such as animals on the lines.

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					• Are outages resulting from the operation of the automatic underfrequency load shedding scheme counted? T&TEC suggests they should not as these outages originate from disturbances at the generation plants. Further discussion needs to be held with the RIC on the implementation of the 'Direct Revenue Adjustment' mechanism for the "Number of Customer Interruptions per month". On page xxxvi, the RIC stated that T&TEC must put systems in place for no more than 3 interruptions per month per area and facilitate the submission of *quarterly* reports to the RIC. T&TEC proposes that *semi-annual* reports be submitted instead. It should be noted that T&TEC continues to work on addressing the occurrences of repetitive outages.
28	114 to 116	9 – Incentives and Performance Monitoring	9.4 Customer Responsiveness and Service		The RIC is asked to confirm if the Customer Satisfaction survey referenced on page 114 is a different survey from that stated on page 116 and page xxxvii. Also, the RIC states that the Customer Satisfaction Survey administered by a third party but commissioned by T&TEC, should cover voltage complaints, unplanned outages, planned outages and new connections and that a random sample of customers who dealt with the service provider in the previous six (6) months should be interviewed. **T&TEC and the RIC must agree to the size of the random sample.** Too large a sample size will be costly to T&TEC. On page 115, the RIC states that T&TEC is to gauge customer satisfaction with their call centre experience (fast call resolution, real–time support, and the agent's friendliness) via a survey instrument. The RIC is requested to provide the requirements of this survey.
29	116	9 – Incentives and Performance Monitoring	9.5 System Losses		The RIC stated they would "*set the* ***base value of total system losses for the next regulatory control period as the average monthly value computed over the year preceding the commencement of the period,*** *and set a target for an annual reduction in loss levels for the control period at 0.25% towards an overall target of 6.75% for the control period.*"

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					The RIC further stated that *"Failure to achieve the annual reduction target in any given year will incur a penalty of $10 million for that year."* The total system loss for 2022 was 8.03%. If this is chosen as the **base value** (as defined above), T&TEC will be unable to achieve the RIC's proposed annual reduction target of 0.25% every year towards 6.78%. **In fact, any system loss target value that is less than 7.25% is highly ambitious and unattainable** (which would be bettered by an RIC overall target of 6.75% for the control period as stated above) for the following reasons: • Technical system losses are largely load-related and in any electrical network, load related losses increase with the square of the load. Therefore, as demand increases over time, all other things being equal (i.e., without countervailing intervention), percentage technical losses will increase, as illustrated in the example below: A power system has a weekly energy demand of 100 GWh and technical losses of 8%, i.e., 8 GWh. Over a year, the demand grows by 3% (typical pre-pandemic demand growth rate) to 103 GWh. Weekly technical losses are now 1.03^2 x 8 GWh = 8.4872 GWh. Percentage losses are therefore: 8.4872/103 x 100 = 8.24%, a percentage increase of almost 0.25% over the year. While it is true that non-technical losses likely increase with demand at a proportionality that is less than square and would somewhat mitigate the effect demonstrated above, a general increase in percentage losses would nevertheless be expected if nothing was done. **To actually decrease losses over time would therefore require measures sufficient to countervail this natural increase and <u>additionally</u> to achieve the reductions proposed by the RIC.** • Technical system losses are influenced by the location of power stations and substations, and the more efficient power stations are farthest from the load centres, such as TGU and Powergen Penal power stations. As a result, this contributes to the technical system losses experienced. Installation of capacitor banks at Pinto Road and Bamboo 66 kV substations in 2024 are expected to reduce power flow and lower system losses. However, there is very little improvement that can

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					be made again by T&TEC regarding system losses that would not be extremely prohibitive in cost. This increase would then be passed onto the customer through increased tariff rates. **T&TEC considers any overall system loss target for the control period that may be less than 7.25% to be impractical. As such, once the (base value – 1.25%) is less than 7.25%, that is, a base value of less than 8.5%, then the annual reduction target needs to be adjusted to (base value – 7.25) / 5. Furthermore, the $10M penalty for not achieving the annual reduction target for system losses should not be implemented.** **However, if the RIC were to in fact, implement the penalty, the reasons for not meeting the target should be assessed first to determine if there were factors outside of T&TEC's control and if so, the penalty should not be applied.**
30	121 to 123	9 – Incentives and Performance Monitoring	9.5 System Losses 9.7 Regulatory Accounting Guidelines (RAGs)		The RIC states that "*T&TEC will be required to submit quarterly information in the format of the RAGs, and full-year regulatory accounts to the RIC by the end of the third month of each year within the regulatory control period. The full-year regulatory accounts must be reconciled with the quarterly submissions, as necessary*" and that "*The regulatory accounting information must be submitted in hardcopy and electronic formats*." **To accommodate the requirements of the RAGs, T&TEC would need to maintain two (2) sets of accounts which imposes a significant administrative burden.** Also, T&TEC disagrees with providing the RAGS in hard copy due to T&TEC's initiative to go paperless. In addition, electronic submission is much more cost effective. Additionally, T&TEC proposes to submit the yearly RAGS by the end of the *sixth* month as opposed to the *third* month of each year. The latter is unachievable given the resource constraints due to the external audit deadline of end of first quarter. A meeting is required with the RIC to discuss fully the requirements of the numerous RAGs reports requested by the RIC in Annex 3 starting on page 221 of the draft determination and to determine the information that can realistically be provided by T&TEC. Clarifications include but are not limited to what constitutes Regulated Assets versus Non-Regulated Assets, Load Related (Growth), Non-Load and Non-Network related CAPEX. Further the RIC stated that it "*proposes to publish relevant regulatory accounts and proposes to place such regulatory accounts (including information on other indicators) on its website and make*

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					hard copies available on request. The RIC may also publish a condensed version of the regulatory accounts in a newspaper." T&TEC is not in agreement with this as it is not our practice to publish our accounts until they have been laid in Parliament. Finally, the RIC stated that it "*may require, from time to time, an independent assurance (audit) on information submitted. In this regard, the RIC will specify the required scope of any audit or other form of independent assurance. The audit must be undertaken by an independent expert nominated and paid for by the service provider but approved by the RIC*." **T&TEC is not in agreement with this. However, if the RIC would like an independent audit conducted, it should be at the RIC's cost.**
31	136	10 – Miscellaneous and Other Regulated Charges	10.3 Service Deposits		At present T&TEC retains the Service Deposit (SD) until the account is closed. What is RIC's rationale for instituting a requirement to return the SD after 1 year? T&TEC suggests that the SD be returned to the customers upon closure of the account for the following reasons: • Section 36 of the Trinidad and Tobago Electricity Commission Act states inter alia that "*where any person has given to the Commission a deposit as security for payment for a supply of electrical energy, the Commission shall not be entitled to discontinue the supply until the sum due to them for that supply equals the sum so deposited as security and after payment has been demanded*". Thus, the SD benefits the customer and protects them from disconnection for non-payment. Thus, the return of the service deposit exposes the customers to a higher level of risk of disconnection. • The Commission benefits from its retention in cases of customers who vacate their premises leaving a debt, particularly prevalent in tenanted premises. Also, the RIC suggested that "*once it is legally permissible, T&TEC should advise the owner, at the time that a request is being made to change the name on the account to an occupier, that the owner (not the occupier) will be responsible for non-payment of the account*. The RIC should note that T&TEC's Legal team advised that forcing a landlord to provide a guarantee to their tenant's electricity account whilst no such guarantee is being requested from any other category of customers, is a breach of the T&TEC Act.

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					• Once returned to the customers, if the customer subsequently goes into default, it will be difficult to collect the service deposit even if re-applied to the account, as it increases the financial burden on the customer at a time when they may already be in dire straits financially. • The administrative burden on T&TEC to return the SD to customers. At present, approximately one in three new customers are in default after one year of being connected to our supply.
32	136 - 137	10 – Miscellaneous and Other Regulated Charges	10.3 Service Deposits		On page 136, the RIC stated inter alia that the Service Deposit is based "*on an average monthly kWh consumption of 627 kWh for residential customers ($234.30) and 1,361 kWh for commercial customers ($878.82)*". **The RIC is asked to confirm if the Service Deposit for Commercial Rate B2 (formerly B1) is calculated using the minimum kWh of 5,000 kWh (as is currently calculated) or the 1,361 kWh stated above for commercial customers.** Also, on calculation of the Service Deposit based on the stated kWh consumption for residential and commercial customers, it was determined that the abovementioned Service Deposit values calculated for new residential and commercial accounts included the customer charges of $7.50 and $35.00 respectively. Furthermore, on page 137, the RIC stated inter alia that "*for industrial customers requesting a new account, T&TEC can increase the SD to the value of one month's average bill (the higher of 75% reserve capacity or minimum kVA consumption).*" **The RIC is requested to confirm if the Service Deposit values for commercial Rate B2, High Density and Industrial customers include the respective customer charge, consistent with the RIC's calculation of the Service Deposit for residential and commercial customers.** **In addition, T&TEC still maintains that the amount of the Service Deposit should correspond to two bills as disconnections are only effected for customers with at least two outstanding bills.** **In addition, the value of the Service Deposit should be increased for tenanted premises as these customers pose a higher risk of debt. T&TEC is limited in its efforts to recover debt from these customers; as stated in item 31 above, T&TEC is unable to force a landlord to provide a guarantee to their tenant's electricity account.**

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33	136	10 – Miscellaneous and Other Regulated Charges	10.3 Service Deposits		On page 136, the RIC stated that "*When implementing this new SD requirement for residential customers, T&TEC should use discretion when assessing customers that are considered to be vulnerable, such as, those in receipt of government pensions and other government grants.*" **T&TEC is unable to exercise discretion regarding the Service Deposit for these type of customers as there may be a greater a risk of debt. In addition, the Service Deposit provides these customers with a level of protection from disconnection for non-payment as stated in Item 31 above.**
34	139 - 140	10 – Miscellaneous and Other Regulated Charges	10.6 Unregulated Charges		On page 139, the RIC stated that it "*has decided that HV isolation, temporary supply and transformer rentals should be regulated going forward*". T&TEC strongly disagrees with the regulation of these services as they are not monopolised but offered within a competitive environment. Customers do not have to rely solely on T&TEC for the provision of these services and may opt to have them provided by another entity/contractor. For HV isolation, customers may install their own disconnection devices at the point of entrance and do not have to rely on T&TEC. Temporary supply services, as the name suggests, are temporary in nature, and do not generate any long-term revenue. With transformer rentals, the Commission's preferred option is for the customer to provide their own transformer. Although this is communicated to the customer, the service is still requested. The RIC further stated that "*By the end of the second year in PRE2, T&TEC will be required to submit a detailed breakdown of the typical costs to provide HV isolation, temporary supply, and transformer rental services. This information will form the basis upon which the RIC may determine new charges to be applied by the mid-point of PRE2*." T&TEC also disagrees with this as these services are not to be regulated by the RIC for reasons explained above.
35	172 - 173	12 – Establishing Price Controls	12.7 Other Tariff Issues	Electric Vehicle Rates	The RIC stated that "*T&TEC proposes that where any upgrade to the local network is required to facilitate EV charging, the cost will be borne entirely by the customer*." and that the *"RIC is not convinced that upgrades to the local network are required for these instances, in the near future. The RIC believes that Level 2 chargers (which typically carry a 40amp load), can easily be incorporated into existing household electricity infrastructure."*

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					The RIC further stated that *"where upgrades to the local network are required to facilitate EV charging on a commercial basis or for a private fleet of EVs (more than 2 EVs), the costs associated with same will conform to the principles outlined in the RIC's Capital Contribution Policy (2022)*." Based on the engineering analysis, **once it is determined that circuit augmentation is required for the additional load of EV charging, the costs should be fully borne by the customer**. For example, a standard sized transformer (50 kVA) would be loaded by two (2) level 2 EV chargers, therefore if the circuit is already substantially loaded, it can easily be overloaded with the addition of two EVs. As such, the RIC needs to consider that upgrades may also be required to the local network for residential use for less than three (3) EVs depending on the type of EV charger, for example, there are some Level 2 chargers that may carry loads higher than 40 amps such as 100 amps. The market for electric vehicles is in its infancy and as a result, the technology is advancing at an increasing pace. This will result in the analysis done by the RIC to be outdated once the government's electric vehicle policy is fully rolled out. As a result, the implications to the networks for charging infrastructure more than the loads described in the draft determination may be understated. For public chargers, customers would most likely approach T&TEC to assist with setup, however, residential customers may not, and it may be difficult for T&TEC to apply augmentation works ex ante; in fact, private charging infrastructure may only be discovered due to reports of low voltage situations in residential locations. Further, looking at national average uptake of EVs will underestimate the effect on some parts of the network. This is because EVs remain significantly more expensive than Internal Combustion Engine (ICE) vehicles, therefore there would be a greater load on feeders and low voltage (l.v.) mains circuits serving affluent communities, possibly very quickly requiring upgrade of those feeders and mains, though the national EV uptake may yet be small. Additionally, the RIC stated that "*T&TEC proposes that all tariffs for EV charging (residential and commercial) be based on energy usage that is measured by a separate meter, used solely for EV charging.*" It should be noted that T&TEC's requirement for a separate meter to be installed for EV charging relates only to the installation of a Level 2 charger and above. Furthermore, the customer would be required to obtain all relevant safety approvals. The RIC further stated that "*where customers own a private fleet of EVs – more than two (2) EVs – a separate meter should be installed, and the costs associated with same be borne by the customer.*"

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					The installation of a separate meter for EV charging allows T&TEC control of the load on a circuit and the time needed for planning load growth. Thus, the customer benefits as their supply is not compromised by circuit overload. T&TEC is also afforded the ability to perform demand side management in the future which will also prevent circuit overload. **T&TEC disagrees with the rates proposed by the RIC for EV charging, that is, where customers are charged based on their existing rate category and requests a meeting with the RIC to explain T&TEC's position and other matters related to EV charging.**
36	197	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must develop a consultation code inclusive of an obligation to consult with the public on plans/proposals to undertake any significant activity in the execution of its core functions. While undertaking its consultative activities T&TEC must ensure that those consumers who are likely to be affected by major infrastructure and large construction projects are fully apprised and informed about these activities. The factors to be considered in determining whether to consult include; the number of customers affected, the geographic area impacted, and cost thresholds for infrastructural works*." T&TEC will adhere to the Environmental Management Agency (EMA) Act and Regulations.
37	198	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must demonstrate, in the future, that it consulted with its customers prior to the submission of its Business Plan and that due regard has been given to the views that customers expressed during the consultation process*." T&TEC believes the better approach is for the RIC to conduct consultations with the customers after acceptance of T&TEC's Business Plan submission. Otherwise, T&TEC may be required to conduct several stints of consultations until final acceptance of the Business Plan. If T&TEC is to conduct this consultation before submission of the Business Plan, the RIC must guarantee a timely rate review upon T&TEC's submission of the plan.
38	198	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC should hold one formal Annual Public meeting in a public place and should make arrangements for consultation and deputation of individuals (where required) to question the Board and the Chief Executive Officer/General Manager*." The RIC is asked to clarify this directive.

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39	198	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must provide information on its website about its procurement process, which must conform to directions issued by the Office of Procurement Regulation, and the Public Procurement and Disposal of Public Property Act (2015).* *This information would allow customers access to its procurement processes that are underway, completed, or pending approval, including information such as requirements for submitting bids, important dates, and the amounts bid by tenderers."* T&TEC will comply with the Public Procurement and Disposal of Public Property Act (2015), once it becomes law.
40	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC will be required to disclose the identity of all their contractors, the value of the contracts and the main evaluation criteria used in selecting successful bidders. This information should be made available on its website."* T&TEC is not in agreement with this. T&TEC will comply with the Public Procurement and Disposal of Public Property Act (2015), once it becomes law.
41	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC will be required to have records and procedures in place by which it can demonstrate that its procurement and hiring practices occur at arms-length."* Regarding the procurement practices, T&TEC will comply with the Public Procurement and Disposal of Public Property Act (2015), once it becomes law. However, T&TEC does not agree with the directive as it relates to the hiring practice and will not comply with this.
42	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must establish an ethics and sanctions committee to investigate and take appropriate action against transgressors."* T&TEC issued its Code of Ethics in 1993 and all new employees are provided a copy. Employees are reminded on an annual basis of the Code of Ethics as it relates to the Conduct of Employees and must acknowledge same via signature. T&TEC employees are in compliance with this code.

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43	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must collect more systematic data on public viewpoints through its customer service centres to better understand the experience of those who have had cause to complain and to ascertain how their concerns were addressed.*" This is currently in place in all T&TEC Customer Service Centres.
44	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must publish its performance against all customer service targets, on its website, and produce a half-yearly overview report for the public with commentary on where and why this performance has not met the targets. Reports on these findings should be submitted to the RIC on an annual basis.*" T&TEC suggests that the report to the public be produced *annually* and not *half-yearly*.
45	199	13 – Concluding Remarks and Way Forward and ANNEX 3			The RIC stated that "*T&TEC must utilise independent researchers, approved by the RIC, to undertake more generalised surveys regarding customers' experience with utility services, either before the end of the regulatory control period or at least every five years. The results of this survey must be included in its Business Plan submission for the next regulatory control period.*" T&TEC suggests that the feedback from the annual Customer Satisfaction Survey on page 116 of the Draft Determination be used.
46					Guaranteed standards (particularly GES 2 and 8), the Characteristics of Service, requirements for the 35% rebate (total bill must be $300 or less) and Utilities Assistance Programme (average consumption over 3 billing periods (6 months) must be 680kWh or less) will have to be revised. The 35% rebate and Utilities Assistance Programme are Government initiatives, and it is understood that the Government will advise on the changes to these for PRE2 in due course; however, when will the Guaranteed standards (particularly GES 2 and 8) and the Characteristics of Service be revised and provided to T&TEC by the RIC?

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