

# RIC News

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REGULATED INDUSTRIES COMMISSION

## RIC'S DRAFT DETERMINATION FOR THE ELECTRICITY TRANSMISSION AND DISTRIBUTION SECTOR 2023-2027



### IN THIS ISSUE

. Quarterly Complaints Report.....	2
. RIC Releases Draft Determination.....	3
. RIC's Draft Determination for the Electricity Transmission and Distribution Sector 2023 -2027 .....	4
. Capital Contribution Policy for The Trinidad And Tobago Electricity Commission (T&TEC) .....	7
. RIC Annual Christmas Luncheon & Long Service Awards.....	8

**REGULATED  
INDUSTRIES  
COMMISSION** 

*Protecting YOUR Interests*

# Quarterly Complaints Report

Consumer Complaints Get Resolved ☒

## RIC's Complaints Report for 4th Quarter 2022

Status	Oct-22	Nov-22	Dec-22
Number of Complaints received	215	253	395
Number of complaints resolved	132	133	311
Number of complaints unresolved	83	120	84
Resolution rate for complaints received	61%	53%	79%

**REBATE / COMPENSATION AWARDED TO CUSTOMERS BETWEEN OCT - DEC 2022**

**\$ 47,598.00**

### OUR CUSTOMER SERVICE PROMISE TO YOU – THE RIC WILL:

- ☒ Conduct an investigation to obtain all the necessary facts both from you and the Service Provider.  
(Copies of all relevant information that would assist us in understanding the complaint should be provided.)
- ☒ Respond to your written, telephone and email complaints within ten (10) working days of receipt.
- ☒ Forward our response to your complaint to the Service Provider and then provide written confirmation of action taken.
- ☒ Keep you up-to-date on the progress of our investigation of your complaint and its resolution.
- ☒ Ensure that you are attended to by a Customer Services Representative within ten (10) minutes of your appointment time.

**IF YOU HAVE A COMPLAINT, YOU MUST FIRST MAKE CONTACT WITH THE SERVICE PROVIDERS (I.E. WASA & T&TEC) AND GIVE THEM THE OPPORTUNITY TO RESOLVE THE PROBLEM.**

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**REGULATED  
INDUSTRIES  
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# **RIC RELEASES DRAFT DETERMINATION**

The RIC is the economic regulator for the electricity and water and wastewater sectors in Trinidad and Tobago and is a statutory body established under the RIC Act No. 26 of 1998. The RIC is mandated, among other things, to set price limits to enable service providers to finance the delivery of services in line with established standards and requirements, provide incentives for service providers to improve efficiency and service delivery and protect the interests of consumers.

As part of its Price Review for the Trinidad and Tobago Electricity Commission (T&TEC), the RIC held a press conference on Thursday 29th December 2022 at the Hilton Trinidad Hotel and Conference Centre to inform citizens of the release of its Draft Determination for the Electricity Transmission and Distribution Sector 2023-2027 and to highlight the proposed rate increases, the process and outcome of conducting the Price Review, and its forthcoming consultation process.

The RIC intends to consult with all stakeholders and interested parties on this Draft Document before any final determination can be made with regard to electricity prices in Trinidad and Tobago. These consultation initiatives would include face-to-face public meetings, media appearances, special interest group meetings as well as virtual meetings with stakeholders across Trinidad and Tobago. All public meetings/consultations will also be streamed live on Facebook where viewers are allowed to comment and ask questions. The RIC will consult with all interested stakeholders for a period of 12 weeks which will run from January to March 2023. The RIC's Draft Determination for the Electricity Transmission and Distribution Sector 2023-2027 is also available from Friday 6th January 2023 on its website [www.ric.org.tt](http://www.ric.org.tt) for public review and comments, as well as written feedback.

The RIC looks forward to interacting and engaging with all citizens and providing further details on all aspects of the Draft Determination during its public consultations and encourages all citizens to be a part of the regulatory decision-making process.

# RIC'S DRAFT DETERMINATION FOR THE ELECTRICITY TRANSMISSION AND DISTRIBUTION SECTOR 2023– 2027



## THE CONTEXT OF THE REVIEW

The RIC is required to take account of a wide range of factors, in making its decisions, to ensure that it achieves a balance between the needs and interests of different stakeholders affected by these decisions. The review of rates and charges for T&TEC is occurring at a challenging time. On the one hand, the world faces the daunting task of mitigating the effects of climate change, while on the other hand the global economy is struggling to cope with high energy prices and supply chain disruptions. In respect of worsening climate issues, the responsibility devolves to all citizens to demonstrate awareness that conservation of electricity is one factor which can assist in reversing this trend. As regards the global economy, it had started to emerge from the recessionary impact caused by the pandemic (COVID-19), only to be set back by the Russia/Ukraine War.

In virtually all countries the poor have become poorer, and the middle class is struggling to maintain the status quo. Trinidad and Tobago, as a net exporter of energy products, has been better placed to cushion some of these impacts. According to the Review of the Economy 2022 “the country has been learning to live with the COVID-19 virus, the Trinidad and Tobago economy is now on a path to recovery and growth, amidst concerted efforts towards rebuilding what was detracted by the pandemic.” However, media reports in Trinidad and Tobago paint a different picture. There are frequent reports of citizens complaining about increased food prices and their inability to meet their monthly household needs. These are the major circumstances that the RIC has had to navigate while conducting its review. Among its main responsibilities, the RIC must ensure the affordability of electricity prices, and provide T&TEC with the funding necessary to provide reliable and quality services to the public. The unenviable challenge for the regulator is how to set prices that would allow T&TEC to provide reliable services and still make these services affordable to citizens.

The purpose of the Review is to determine an appropriate level of allowed revenue for T&TEC, and the level and structure of tariffs that will be paid by customers. In setting the allowed revenue and tariffs, the RIC's objectives are to ensure that:

1. the service provider operating under prudent and efficient management can earn sufficient return to finance necessary investment. In doing so, the RIC wants to ensure that the service provider's planned investments are necessary and provide value for money for customers;

2. the interests of customers are protected, in the short and long-term, by ensuring that services are reliable and provided at the lowest possible cost; and appropriate incentives are provided for the service provider to improve its efficiency where possible, and that most of the savings that result from efficiency gains are passed through to customers.

This Draft Determination puts forward the RIC's proposed decisions on T&TEC's revenue and incentives for the second control period (2023-2027), to be known as PRE2. T&TEC's costs and performance over the first control period, PRE1 (2006-2011) are also examined to assess these against this regulatory settlement.

## THE FRAMEWORK

### THE PROCESS

The publication of this Draft Determination follows a lengthy period of engagement with the public and the service provider during which twenty (20) papers were released/published for public comment. The engagement involved the assessment/analysis of multiple submissions by the service provider on both its historic and forecast costs, numerous meetings with the service provider to clarify its submissions, site visits, and the benchmarking of the service provider's costs and performance against other utilities. The RIC also engaged the shareholder, the Government of Trinidad and Tobago (GORTT) on key matters.

Section 48 of its Act Chapter 54:73 mandates that reviews be conducted every five (5) years or where the licence issued to the service provider prescribes otherwise, at such shorter intervals as it may determine. The five-year control period ensures that customers are protected, while offering the service provider a clear and stable environment to make the necessary investments to ensure a modern and efficient network and high levels of service.

Some regulators have begun to employ longer price controls, for example, the Office of Gas and Electricity Markets (Ofgem) has moved to an eight-year regulatory period.

As with PRE1, the RIC has adopted an incentive-based model to determine the service provider's allowed revenue. This approach ensures that the service provider can, through efficient operation, earn a fair return on capital and meet its operating costs. The service provider's costs and revenues are taken as fixed for a five-year period.

If the service provider spends more than it is allowed, it bears the cost but if it spends less than what it is allowed, through improvements in efficiencies, it can keep the surplus made in any one year for a period of five years as a means of incentivising efficiency. Customers benefit over time by the progressive decrease in costs allowed at subsequent price reviews.

The RIC sets operating expenditure (Opex) and capital expenditure (Capex) based on the plans submitted by the service provider, and through a combination of assessment of specific underlying costs of the service provider and benchmarking. The service provider is required to manage its Opex and Capex within the allowed levels. The RIC monitors expenditure and conducts a review at the end of the control period to ensure that costs were efficiently incurred, and the Capex was necessary and prudent. The review of both Opex and Capex takes into account windfall gains and losses.

# RIC's Draft Determination for the Electricity Transmission and DISTRIBUTION SECTOR 2023–2027

## REVIEW OF COSTS AND PERFORMANCE DURING PRE1

The RIC compared the performance and expenditure incurred by T&TEC during PRE1, 2006–2011, against the levels approved by the RIC for that period. In general, T&TEC's Opex exceeded what was allowed by the RIC in all but the final year of the control period. Overall, T&TEC's outturn surpassed the RIC's allowed Opex by 5.6%, in nominal terms. T&TEC's proposed Opex for the first control period was \$11,258 million and the RIC's approved Opex allowance was \$10,353 million. In essence, T&TEC was given an efficiency challenge to reduce expenditure by \$906 million in PRE1, but the actual Opex outturn was \$11,030 million.

With respect to Capex, T&TEC spent far more than the amount allowed on its Capex programme. The RIC approved a total of \$800 million to be spent on 107 identified projects over the entire control period. During the period, T&TEC spent approximately \$1,944.04 million, of which \$738.60 million was spent on Government projects which were ring-fenced (not included in the RIC's approved Capex) and \$1,205.44 million was spent completing 69 RIC approved projects. In fact, T&TEC's expenditure addressed 64% of the RIC's approved projects and was \$405.44 million more than the quantum that the RIC allowed.

The increased level of expenditure on Capex maintenance and network renewal projects during PRE1, coupled with T&TEC's response to many of the incentive mechanisms put in place by the RIC, led to an improvement in the quality of supply that customers received. Overall, there was a general improvement in the reliability of T&TEC's network, particularly in the latter three years of the control period, as evidenced by improved SAIFI, SAIDI and CAIDI metrics.(table ES1 below).

The RIC proposes to continue with most of its existing incentive mechanisms for the forthcoming five-year period. Additional incentive mechanisms have also been included such as a Direct Revenue

Adjustment to improve service to customers that experience a reduced level of service ("worst-served customers"). Under this mechanism the RIC proposes a target of no more than three (3) interruptions per month in any area of the country to improve service to worst-served customers over PRE2. The total incentive payment to T&TEC for this mechanism will be capped at \$7.5 million during the relevant year, and the total penalty for this mechanism will be capped at \$10 million during the relevant year.

**Table ES1: Network Reliability Indicators 2006–2011**

Indicator	2006	2007	2008	2009	2010	2011	*NAU
SAIFI (number)	9.93	10.1	6.94	5.5	6.61	5.68	1.1
SAIDI (minutes)	996	1020	603	487	563	486	90
CAIDI (minutes)	100	100	93	87	85	86	82

\*Median values for North American Utilities (NAU) according to IEEE Standard 1366-1998. These were included as the nearest available comparators.

For full document visit: [www.ric.org.tt](http://www.ric.org.tt)

## Capital Contribution Policy for The Trinidad And Tobago Electricity Commission (T&TEC)

A capital contribution (CC) is a cost that is paid upfront to facilitate infrastructure works that are initiated by customer's requests. CC is used to recover from individual customers the specific costs their request imposes on the network. At present, some customers of the Trinidad and Tobago Electricity Commission (T&TEC) are required to make CCs for some network costs under the RIC's 2009 Capital Contribution Policy (CCP (2009)).

The CCP (2009) was formulated to ensure that a fair and transparent policy was established for connections that require upgrade or extension to the local network and wider networks, and that T&TEC (and by extension its customer base), would not unduly subsidise this expense. The approach and methodology laid out in the CCP (2009) established that new customers would pay for electrical works that were not budgeted under

T&TEC's forecasted network development (as per the RIC's 2006 Final Determination of Rates and Tariffs for T&TEC) and that the CC cost would be calculated in a consistent and transparent manner.

The RIC addressed the following key areas of concern surrounding CCs in the CCP (2009):

1. Pricing Principles;
2. Payment of Capital Contribution and Connection Point, and Capital Contribution Calculation Method;
3. Contestability;
4. Reimbursement;
5. Ownership of Customer Contributed Assets;
6. Recognition and Valuation of Customer Contributed Assets;
7. Dispute Resolution; and
8. Monitoring of the CCP.

For this review, all critical elements of the CCP (2009) have been deliberated upon by the RIC in conjunction with the review of CC policies and strategies in other jurisdictions which utilise similar regulatory frameworks such as the UK, Australia and New Zealand. Concerns that arose during implementation of the CCP (2009) in terms of the principles and administration of the policy, as well as suggested amendments articulated by T&TEC and customers have also been taken into consideration in this review.

**For full document visit:  
[www.ric.org.tt](http://www.ric.org.tt)**

**REVISION OF THE  
CAPITAL  
CONTRIBUTION POLICY  
FOR THE  
TRINIDAD & TOBAGO  
ELECTRICITY  
COMMISSION**

March  
2022

This document is a summary of the RIC's review of the Capital Contribution Policy for T&TEC. It highlights the RIC's proposals for key areas of the Policy. Comments are invited on the proposals.

Summary  
Document

# RIC CHRISTMAS LUNCHEON & STAFF LONG SERVICE AWARDS



The RIC hosted its Annual Christmas Luncheon and Staff Long Service Awards Ceremony on Wednesday 14th December, 2022 at Hyatt Regency, Port-of-Spain. This function was held to celebrate the end of another successful year working together at the Regulated Industries Commission and also to honour some exemplary individuals who have given 10, 15 and 20 years of dedicated service to the RIC.



Deputy Executive Director - Carol Balkaran receives her award for 20 years' service from Mrs. Dawn Callender - RIC Chairman



Customer Service Manager - Mohan Chadee receives his award for 20 years' service from Mrs. Dawn Callender - RIC Chairman

## Recipients:

**Carol Balkaran – 20 years**

**Mohan Chadee – 20 years**

**Wendy Jack – 20 years**

**Jenelle Crosby – 20 years**

**Nadia John – 15 years**

**Savatiri Baldeo – 15 years**

**Shelly Anne Soonachan – 15 years**

**Driselle Ramjohn – 10 years**



Office Attendant - Joanne Jack receives her award for 20 years' service from Mrs. Dawn Callender - RIC Chairman



Compliance Analyst - Jenelle Crosby receives her award for 20 years' service from Mrs. Dawn Callender - RIC Chairman



Legal/Corporate Secretary - Nadia John receives her award for 15 years' service from Mrs. Dawn Callender - RIC Chairman



Customer Service Officer - Shelly Soonachan receives her award for 15 years' service from Mrs. Dawn Callender - RIC Chairman



Corporate Communications Manager - Driselle Ramjohn receives her award for 10 years' service from Mrs. Dawn Callender - RIC Chairman



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