PAC

PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

*THIRTY-SECOND REPORT OF THE*

# PUBLIC ACCOUNTS

C O M M I T T E E

*FIFTH SESSION OF THE 11TH PARLIAMENT*

*Inquiry*

Follow - up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015.

## Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

*"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;*

*(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and*

*(c) the report of the Auditor General on any such accounts."*

## Current membership

| | |
|---|---|
| Dr. Bhoendradatt Tewarie | Chairman |
| Mr. Taharqa Obika | Vice-Chairman |
| Mrs. Ayanna Webster-Roy | Member |
| Mr. Randall Mitchell | Member |
| Dr. Lester Henry | Member |
| Mrs. Paula Gopee-Scoon | Member |
| Mr. Adrian Leonce | Member |
| Mrs. Charrise Seepersad | Member |

## Committee Staff

The current staff members serving the Committee are:

| | |
|---|---|
| Ms Keiba Jacob | Secretary to the Committee |
| Ms Hema Bhagaloo | Assistant Secretary to the Committee |
| Mr. Darien Buckmire | Graduate Research Assistant |
| Mr. Justin Jarrette | Graduate Research Assistant |
| Ms. Vanna Jankiepersad | Procedural Officer Intern |
| Ms. Anesha James | Administrative Assistant |
| Ms. Natoya O'Neil | Clerk Typist I |

## Publication

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# Members of the Public Accounts Committee

ELEVENTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
**Chairman**

Mr. Taharqa Obika
**Vice-Chairman**

Mrs. Ayanna Webster-Roy
**Member**

Mr. Randall Mitchell
**Member**

Mrs. Paula Gopee-Scoon
**Member**

Dr. Lester Henry
**Member**

Mr. Adrian Leonce
**Member**

Mrs. Charrise Seepersad
**Member**

## Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the issues outlined in the Report of the Auditor General and Audited Financial Statements of Ministries, Departments and Statutory Bodies referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment. The PAC presents its Thirty-Second Report of the Eleventh Parliament which details its **follow - up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015**.

**During this inquiry, the following issues arose:**

1. The percentage of the population to which T&TEC supplies electricity;
2. The total electricity generation capacity of T&TEC;
3. The peak capacity of electricity demanded by TTEC's consumers throughout the country;
4. The excess electricity which T&TEC generates that is held in reserve;
5. The total cost to operate T&TEC annually;
6. The level of income T&TEC is able to generate internally;
7. The settlement of the monies owed to the National Gas Company of Trinidad and Tobago (NGC);
8. The business operation plan of TTEC and its inclusion of a financially viable and self-sustainable model of operation;
9. The benchmarks utilized by TTEC to measure its performance;
10. The operational constraints which have constricted T&TEC's ability to achieve financial viability and self-sustainability;
11. The operational losses incurred by T&TEC during electricity generation;
12. The price at which T&TEC purchases gas from the NGC;
13. The subsidy placed on the purchase of gas from the NGC by the Government of the Republic of Trinidad & Tobago (GORTT);
14. The lengths T&TEC needs to take in order to more financially viable and self-sustainable;
15. The major achievements of the T&TEC and the strategies used to attain them;
16. The strategies adopted by T&TEC to motivate its staff;
17. The average cost of hosting T&TEC's annual staff appreciation function;
18. The initiatives instituted by T&TEC to reduce its operational costs;
19. The occurrence of low voltage spots along T&TEC's grid;
20. The initiatives being undertaken to address the low voltage concerns and repeated outages in at specific locations nationwide;

21. The removal of wooden poles along T&TEC's utility pole network;
22. The completion of its first draft of proposed amendments for T&TEC's legislative initiatives and the timeline for placement on the GORTT's legislative agenda;
23. The regulation of T&TEC's overtime expenditure;
24. The management of TTEC's non-compliant customers;
25. The attempts made by TTEC to sell its excess capacity;
26. The current initiatives of T&TEC to enhance its customers' experiences and ease of doing business;
27. The policy of T&TEC on sub-station maintenance and transformer repair;
28. The percentage of T&TEC's infrastructure that needs upgrading;
29. The feasibility of commercial entities adding renewable energy to the national electricity grid;
30. The status of the procurement and distribution of LED bulbs to households in effecting the policy decision of the GORTT as outlined in the 2020 National Budget;
31. The anticipated reduction in electricity consumption from the distribution of the LED bulbs;
32. The renewable energy projects which are currently being pursued by T&TEC;
33. The impact of overgrown vegetation and other external forces on reliable electricity supply; and
34. The percentage of the population for which electricity supply remains unserved.

**Based on the Committee's examination, the following recommendations were proposed:**

- ***TTEC should update Parliament on the approval and implementation of the 2020-2024 Strategic Plan by August 30, 2020;***
- ***TTEC should submit a copy of its 2020-2024 Strategic Plan to Parliament and highlight the areas in which the new Plan improves on or differs from the 2016-2020 Plan by August 30, 2020;***
- ***TTEC should report to Parliament on its assessment of the feasibility and challenges of implementing flexible working hours to reduce its overtime bill by August 30, 2020;***
- ***TTEC should report to Parliament on the following by August 30, 2020;***
    - ***a. the number of residential customers who benefitted from the suspension of disconnections;***
    - ***b. the total amount owed to the Commission by these customers; and***
    - ***c. the date when disconnections are scheduled to recommence.***
- ***The Ministry of Public Utilities, as the Ministry with oversight for both TTEC and WASA, should report to Parliament on the possible reasons for TTEC being less successful than WASA in its public sector debt recovery efforts, measures that could allow TTEC to better***

*reduce its public sector receivables and the steps taken to implement these measures by August 30, 2020;*

- *TTEC should provide Parliament with a precise timetable for the completion of pilot project by August 30, 2020;*
- *TTEC should report to Parliament on the following by August 30, 2020:*
    a. *revenue generation projections regarding rental of space for advertising; and*
    b. *revenue generation projections for the rental of pole space for 5G infrastructure installation.*
- *TTEC should submit a copy of its policy on reductions in reserve capacity and explain whether it has any legal obligation to grant these reductions to Parliament by August 30, 2020;*
- *TTEC should report to Parliament on the expected proportion of losses due to reductions in reserve capacity that could be recovered by implementing an application penalty by August 30, 2020;*
- *The Regulated Industries Commission should report to Parliament on the date at which the next electricity rate review is scheduled to be conducted by August 30, 2020;*
- *TTEC should provide a copy of its updated Core Values and explain the reasons for the changes to Parliament by August 30, 2020;*
- *TTEC should submit a copy of the framework for non-financial rewards by August 30, 2020;*
- *TTEC should explain its preference for non-financial rewards and its assessment of the effectiveness of these rewards by August 30, 2020;*
- *The Ministry of Public Utilities should submit the following to Parliament regarding TTEC's Business Plan by August 30, 2020;*
    a. *The Ministry's opinion on the measures proposed in the Plan;*
    b. *the reason for the delay on providing feedback to TTEC; and*
    c. *the date when the feedback will be provided status of its provision of feedback to TTEC on its proposed Business Plan.*
- *TTEC should report to Parliament on the current potential for the expansion of renewable energy production as a percentage of its overall electricity production by August 30, 2020;*
- *The Ministry of Energy and Energy Industries should describe the composition and functioning of the Inter-Agency Committee that evaluates Expressions of Interest for the Beetham Waste to Energy project by August 30, 2020.*
- *The Ministry of Energy and Energy Industries should provide Parliament with the precise timeline for the completion of the solar / wind energy project and the cost of the project by August 30, 2020;*

- ***The Ministry of Energy and Energy Industries should submit a progress report to Parliament regarding its evaluation of bids for the WtE project and the expected relaunch date for this project by August 30, 2020;***
- ***TTEC should report to Parliament on the extent of the coordination of its efforts with those of the EMA, and possible improvements that could be made in this area by August 30, 2020; and***
- ***The Environmental Management Authority should report to Parliament on the ways in which it could facilitate greater coordination among public authorities on renewable energy initiatives and its specific plans to lead this enhanced coordination by August 30, 2020.***

# Introduction

The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and of the Senate also empower the Committee, inter alia, to:

a) send for persons, papers and records;
b) have meetings whether or not the House is sitting;
c) meet in various locations;
d) report from time to time; and
e) communicate with any other Committee on matters of common interest.

## Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr Bhoendradatt Tewarie was elected Chairman of the Committee. Mr. Taharqa Obika was elected Vice-Chairman of the Committee on December 13, 2017.

## Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman, with representatives from both Houses was agreed to by the Committee at its First Meeting.

## Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Fifth Session of the Eleventh Parliament during its thirty-seventh meeting held on Wednesday September 11, 2019. These entities are:

1. National Library and Information System Authority (NALIS);
2. Ministry of Energy and Energy Industries (MEEI) and Ministry of Finance (MoF) (Revenue Collection);
3. National Insurance Board of Trinidad and Tobago (NIB);
4. Caribbean Industrial Research Institute (CARIRI);
5. College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT);
6. Sports and Culture Fund;

7. Follow-up:
    - Water and Sewerage Authority
    - Trinidad and Tobago Electricity Commission
    - Airport Authority of Trinidad and Tobago
    - Chaguaramas Development Authority
    - Land Settlement Agency
    - Public Transport Service Corporation
    - National Lotteries Control Board
    - Trinidad and Tobago Bureau of Standards
8. Trinidad and Tobago Civil Aviation Authority;
9. Trinidad and Tobago Securities Exchange Commission; and
10. Trinidad and Tobago Unit Trust Corporation

WASA submitted responses to the Committee's follow - up questions on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015. Following this, the Committee agreed to invite the WASA and the Ministry of Public Utilities to a public hearing to discuss the implementation of the aforementioned recommendations. This public hearing was held on March 11, 2020.

## The Inquiry Process

The Inquiry Process comprises the steps taken by the Committee in its follow - up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015. The Inquiry Process agreed to by the PAC included the following steps:

I. Identified issues in the responses to the follow - up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015;

II. Conducted a public hearing to which the relevant witnesses were invited to attend and provide evidence on Wednesday March 11, 2020;

III. Forwarded questions for additional information to TTEC on March 25, 2020 and received responses on May 8, 2020;

IV. Reporting the Committee's findings and recommendations to Parliament upon conclusion of the inquiry; and

V. Carrying out further follow-up to monitor progress in the implementation of recommendations.

## Background: Trinidad and Tobago Electricity Commission

### Establishment[1]

The Trinidad and Tobago Electricity Commission came into being by virtue of the Trinidad and Tobago Electricity Commission Ordinance No. 42 of 1945.

Trinidad and Tobago Electricity Commission is incorporated under the Trinidad and Tobago Electricity Commission Act, Chapter 54:70, to provide electricity for industrial, commercial and domestic use throughout the Republic of Trinidad and Tobago.

### Mandate[2]

The Act gives TTEC the powers to:

a) manage and operate works acquired by the Commission pursuant to the Act;
b) establish, manage and operate such works as the Commission may consider expedient to establish;
c) promote and encourage the use of energy with a view to the economic development of Trinidad and Tobago; and
d) advise the Government on all matters relating to the generation, transmission, distribution and use of energy.

T&TEC is governed by a Board of Commissioners whose members are appointed by the President of the Republic of Trinidad and Tobago. The Commission is subject to regulation by the Regulated Industries Commission.

### Mission[3]

To provide a safe, reliable, high quality electricity supply, in an environmentally responsible manner, utilizing best practices, through empowered employees committed to excellence and customer satisfaction.

### Vision[4]

Leadership in Energy Delivery, Excellence in Customer Service … enhancing the quality of life for all.

### Core Values[5]

**Employees**

- T&TEC values the health, safety and wellness of its employees.

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[1]TTEC website, A Historical Perspective-: < https://ttec.co.tt/default/history> accessed June 13, 2020.
[2] TTEC Financial Statements for the year ended 30, September 2015.
[3] TTEC Website <https://ttec.co.tt/default/vision-and-mission> accessed June 16, 2020.
[4] Ibid
[5] Ibid

- T&TEC is committed to creating an environment conducive to the development of a highly empowered and motivated workforce.
- T&TEC respects and appreciates the contribution of its employees and their representative bargaining units in achieving T&TEC's objectives.

**<u>Customers</u>**

- T&TEC is accessible and responsive to its customers
- T&TEC serve its customers with humility and value their comments
- T&TEC is dedicated to providing excellent service

**<u>Leadership</u>**

- T&TEC values effective leadership
- T&TEC encourages and fosters teamwork, creativity, innovation and excellence
- T&TEC encourages the continuous and holistic development of its employees

**<u>Ethical Conduct</u>**

- T&TEC values integrity, transparency, exemplary conduct, professionalism, accountability, honesty, respect, trustworthiness, equity, fairness and confidentiality

**<u>Social & Environmental Consciousness</u>**

- T&TEC is committed to nation building and the protection and preservation of the natural environment

**<u>Communication</u>**

- T&TEC encourages and fosters open, effective, respectful and responsible communication

## Issues, Observations and Recommendations

During the follow - up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the financial years 2012 to 2015, the Committee identified the following issues and proposed the accompanying recommendations:

**1. Strategic Plan**

**The 2020-2024 Strategic Plan must be implemented without delay to empower officers throughout the organisation to help bring about necessary changes.** The Commission explained that its 2020-2024 Strategic Plan was being reviewed, and was expected to be finalized and implemented by August 2020. The new Plan will promote greater involvement of personnel from all levels within the entity in decision-making. In the interim, the 2016-2020 Strategic Plan has remained as the overarching guide for the Commission's business. The Commission explained that the overarching priorities of the 2016-2020 Plan remain relevant as they include maintaining a reliable and consistent supply of electricity to customers and safeguarding the well-being of its employees.

***Recommendations:***

- ***TTEC should update Parliament on the approval and implementation of the 2020-2024 Strategic Plan by August 30, 2020; and***
- ***TTEC should submit a copy of its 2020-2024 Strategic Plan to Parliament and highlight the areas in which the new Plan improves on or differs from the 2016-2020 Plan by August 30, 2020.***

**2. Overtime**

**TTEC's overtime bill nearly doubled from 2012 to 2019.** Data submitted by the Commission show that its overtime bill fluctuated between 2012 and 2019 and that by 2019 ($83,510,172) it was 83% higher than in 2012 ($45,684,373).

In an effort to curb this sharp increase, the Commission used strategies including staff reassignments, preventative and predictive maintenance, improved vehicle maintenance to ensure they are available for quick deployment in the field, planning of job timing, improved supervision and installation of CCTV cameras to reduce the need for manpower in locations such as substations and service centres. The Commission estimates that these measures will reduce its overtime bill by 5% in 2020.

The Committee discovered in other inquiries that an overtime reduction strategy being implemented is flexible working hours whereby crews operate outside of normal working hours, without the entity necessarily incurring overtime cost.

***Recommendation:***

i. ***TTEC should report to Parliament on its assessment of the feasibility and challenges of implementing flexible working hours to reduce its overtime bill by August 30, 2020.***

### 3. Suspension of Disconnections due to COVID-19

**The Commission had to temporarily forgo revenue due to the economic slowdown caused by the COVID-19 pandemic.** TTEC considers any account with arrears of $20,000 or more to be a large debtor. The Commission communicated with customers about debts owed through a public announcement system, letters, via telephone and email, and at meetings in the case of the aforementioned large debtors. In order to strengthen its debt collection, the Commission hired a collection agency. Where efforts to collect debts beyond the qualifying limit are unsuccessful, the Commission carried out disconnections. The Committee noted that the protection of the Trinidad and Tobago Police Service had to be sought when disconnections were carried out in high-risk area. This came at a cost of $2000 to $4000 per day.

A newspaper article[6] published on March 19, 2020 reported that following an increase in the qualifying limit for disconnections as a result of nonpayment, the Commission was holding off on cutting electricity supply 87% of residential customers who would ordinarily be eligible for disconnection. This measure was in line with the COVID-19 relief measures implemented by the Government.

A public hearing of the Public Administration and Appropriations Committee was held on Thursday May 21, 2020 as part of the Committees inquiry into preparedness and response of public authorities to the COVID-19 pandemic in Trinidad and Tobago. The hearing specifically addressed economic issues concerning the slowdown of economic activity caused aspect of the pandemic. It was briefly mentioned by officials from the Ministry of Finance that the temporary suspension of disconnections was being pursued.

***Recommendations:***

i. ***TTEC should report to Parliament on the following by August 30, 2020:***

[6] Trinidad and Tobago Guardian, T&TEC holds off on disconnections < http://www.guardian.co.tt/news/ttec-holds-off-on-disconnections-6.2.1082876.5c14930653> accessed June 10, 2020.

a. ***the number of residential customers who benefitted from the suspension of disconnections;***
b. ***the total amount owed to the Commission by these customers; and***
c. ***the date when disconnections are scheduled to recommence.***

**4. Public Sector Receivables**

**The proportion of TTEC's receivables owed by public sector entities is unsustainably high.** The Committee conducted an inquiry into the Water and Sewerage Authority (WASA) in February 2020. During this inquiry, the Committee learnt that just under one-eighth of WASA's receivables were owed by public sector entities[7]. The Committee is thus concerned to learn that 77% of outstanding sums to be collected by TTEC were owed by the public sector[8]. This was in spite of the Commission's efforts, which entailed engaging with debtor entities at the level of the Chief Executive Officer (CEO) and through the Line Ministry.

In the case of WASA, following discussions with Ministries, Departments and Agencies (MDA) as well as State Enterprises to reduce public sector receivables, the Authority collected $36.8 Mn of the $106.6 Mn owed by public sector entities.

***Recommendation:***

i. ***The Ministry of Public Utilities, as the Ministry with oversight for both TTEC and WASA, should report to Parliament on the possible reasons for TTEC being less successful than WASA in its public sector debt recovery efforts, measures that could allow TTEC to better reduce its public sector receivables and the steps taken to implement these measures by August 30, 2020.***

**5. Rental of Pole Space**

**There is potential for the development of advertising revenue.** The Commission indicated that it was close to finalising its policy on the rental of pole pennant advertising space. A pilot project was planned for the installation of 100 pole pennants around the Queen's Park Savannah and the development of the pricing system for these spaces. These are meant to be rented on a 3-month contractual basis. Approval for the project was expected by June 2020.

The Commission was also considering offering space for rent to telecommunications providers for the installation of 5G infrastructure.

***Recommendations:***

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[7] WASA Written Submission dated May 12, 2020, page 25.
[8] TTEC Written Submission dated May 5, 2020, page 22.

i. ***TTEC should provide Parliament with a precise timetable for the completion of pilot project by August 30, 2020; and***
ii. ***TTEC should report to Parliament on the following by August 30, 2020:***
    a. ***revenue generation projections regarding rental of space for advertising; and***
    b. ***revenue generation projections for the rental of pole space for 5G infrastructure installation.***

**6. Revenue Losses and Rate Review**

**TTEC is deprived of the means to reduce the effects of revenue losses.** The Commission explained that it grants customers' requests for reduction in Reserve Capacity once it determines that it is justified by the customers' sustained low level of usage. Due to the granting of these reductions, the Commission lost revenue amounting to $304,501,114 from June 2006 to May 2017. In comparison, the revenue loss for the same reason over the same period by other entities such as the Water and Sewerage Authority was $0.35 Mn and $10.8 Mn at the National Flour Mills[9].

The Commission explained that in the event of a rate review by the Regulated Industries Commission (RIC), it would be able to recover this shortfall in revenue. However, no rate review has been conducted. This being the case, the Commission proposed that a penalty be applied to requests for reduction in reserve capacities so that it could have a chance to make up for at least some of this foregone revenue. The RIC advised that the request would only be considered in the context of an overall rate review process. The Committee notes that TTEC de-emphasised the importance of a rate review at the public hearing.

***Recommendations:***

i. ***TTEC should submit a copy of its policy on reductions in reserve capacity and explain whether it has any legal obligation to grant these reductions to Parliament by August 30, 2020;***
ii. ***TTEC should report to Parliament on the expected proportion of losses due to reductions in reserve capacity that could be recovered by implementing an application penalty by August 30, 2020; and***
iii. ***The Regulated Industries Commission should report to Parliament on the date at which the next electricity rate review is scheduled to be conducted by August 30, 2020.***

[9] TTEC Written Submission dated May 5, 2020, Appendix 2.

## 7. Employee Productivity

**Creativity, innovation and excellence, which are parts of TTEC's Core Values will be encouraged by productivity incentives.** It was recommended in the 16th Report of the Committee that TTEC consider the introduction of a productivity/pay for performance scheme for staff and managers to enhance performance. The Commission explained that it focused more on non-financial rewards given the current economic constraints. The framework for these non-financial rewards was being revised to increase buy-in and to better align it with the Commission's core values.

TTEC's core values[10] included employee health, safety and wellness, an empowered and motivated workforce and ethical conduct including integrity, transparency, exemplary conduct, professionalism, accountability, honesty, respect, trustworthiness, equity, fairness and confidentiality. The Commission informed the Committee in a written submission dated May 5, 2020 that a revised set of core values was awaiting approval.

Based on the revised core values, it was expected that the following updated framework for non-financial rewards would become effective by September 2020:

- Adding value – through proactive ideas for cost containment/revenue generation, enhancing safety practices, etc.;
- Going beyond the call of duty – at significant personal sacrifice, voluntarily investing personal time to complete key projects on time or similar;
- Customer commendation – written or verbal commendation for quality service; and
- Championing/Demonstrating any one or a combination of the core values.

***Recommendations:***

i. ***TTEC should provide a copy of its updated Core Values and explain the reasons for the changes to Parliament by August 30, 2020;***
ii. ***TTEC should submit a copy of the framework for non-financial rewards by August 30, 2020; and***
iii. ***TTEC should explain its preference for non-financial rewards and its assessment of the effectiveness of these rewards by August 30, 2020.***

## 8. Relationship with the National Gas Company (NGC)

**Guidance is needed from TTEC's Line Ministry on possible ways to address the Commission's debt to the NGC.** In a written submission dated June 26, 2020, the MEEI explained that TTEC's debt to the NGC is valued at $524 million. In the Committee's 16th Report, it was noted that TTEC

[10] TTEC Website <https://ttec.co.tt/default/vision-and-mission> accessed June 16, 2020. https://ttec.co.tt/default/vision-and-mission

had prepared a Business Plan containing measures that would allow for the settling of its debt to the NGC. The proposed Plan was submitted to the Ministry of Public Utilities for guidance but as recently as May 2020, Ministerial feedback was still outstanding.

***Recommendation:***

i. ***The Ministry of Public Utilities should submit the following to Parliament regarding TTEC's Business Plan by August 30, 2020:***
   a. ***The Ministry's opinion on the measures proposed in the Plan;***
   b. ***the reason for the delay on providing feedback to TTEC; and***
   c. ***the date when the feedback will be provided status of its provision of feedback to TTEC on its proposed Business Plan.***

## 9. Renewable Energy

**There needs to be more coordination among public authorities on renewable energy initiatives.** Upon completion the Waste to Energy (WtE) Project will provide a modest alternative to the use of natural gas to generate power. This will in turn make more gas available for sale at regular market prices, as the gas purchased for power generation is sold to TTEC at a lower price.

TTEC explained[11] that the Expressions of Interest (EOI) for a Waste to Energy Project at the Beetham Landfill site and for a solar/wind project were being managed by the MEEI. In its June 26, 2020 written submission, the MEEI in turn explained that the WtE project was placed on hold. The solar/wind project is now being prioritised. A consortium of three companies was selected in September 2019 and the project was launched. The MEEI explained that although the WtE project was on hold, the bids received for this project in 2019 were still being evaluated.

Based on TTEC's submissions, renewable energy initiatives involve both TTEC and the MEEI. There is also the Environmental Management Authority (EMA), which acknowledged TTEC and the RIC as partners in the promotion of energy efficiency. The Committee conducted an inquiry into the EMA in 2019. In a written submission for this inquiry, the EMA indicated that one of its Strategic Goals was to 'facilitate initiatives led by the MEEI as it relates to renewable energy and energy efficiency'. The Authority also noted that it was a member of MEEI's Inter-Agency Committee for the evaluation of expressions of interest for renewable energy and WtE projects including the one now on hold[12]. The Committee notes that the Authority emphasized the importance of avoiding 'scattered or uncoordinated activities by different stakeholders'[13].

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[11] TTEC, Written Submission dated February 11 2020 to the Public Accounts Committee, page 2.

[12] EMA, Written Submission dated April 24 2019 to the Public Accounts Committee, page 17.

[13] EMA, *The Role of the EMA in Energy Efficiency and Renewable Energy* <https://static1.squarespace.com/static/5502c848e4b0e376000821c1/t/593ee0b317bffcd51d3ec9f3/1497292981673/Nadra+Nathai-Gyan.pdf> accessed June 5, 2020.

***Recommendations:***

i. ***TTEC should report to Parliament on the current potential for the expansion of renewable energy production as a percentage of its overall electricity production by August 30, 2020;***
ii. ***The Ministry of Energy and Energy Industries should describe the composition and functioning of the Inter-Agency Committee that evaluates Expressions of Interest for the Beetham Waste to Energy project by August 30, 2020.***
iii. ***The Ministry of Energy and Energy Industries should provide Parliament with the precise timeline for the completion of the solar / wind energy project and the cost of the project by August 30, 2020;***
iv. ***The Ministry of Energy and Energy Industries should submit a progress report to Parliament regarding its evaluation of bids for the WtE project and the expected relaunch date for this project by August 30, 2020;***
v. ***TTEC should report to Parliament on the extent of the coordination of its efforts with those of the EMA, and possible improvements that could be made in this area by August 30, 2020; and***
vi. ***The Environmental Management Authority should report to Parliament on the ways in which it could facilitate greater coordination among public authorities on renewable energy initiatives and its specific plans to lead this enhanced coordination by August 30, 2020.***

## Concluding Remarks

There are two major challenges for T&TEC. The first is the industry competitiveness frame work for Trinidad and Tobago which is based on cheap electricity which in turn is based on cheap and abundant natural gas supply. The second is the global thrust away from fossil fuel dependence and towards renewable energy.

These require policy decisions at the level of the Minister and Cabinet as well as business decisions on the part of T&TEC in the context of both RIC and the government policy and T&TEC's economic viability and sustainability.

The global movement to renewable energy cannot be ignored and Renewable Energy strategies must become part of the national policy going forward. T&TEC needs to think through its needs in this scenario and what can be the strategic role of T&TEC in the context of a new range of renewable energy stakeholders. The Committee actively encourages TTEC to step up its work on renewable energy and to work closely with the EMA and other key stakeholders to ensure consistent and progressive initiatives with a high likelihood of success.

It appears that the Commission is in an untenable position regarding revenue collection, both in terms of rates and receivables. The rates charged are among the lowest in the region and, at the same time, sums owed are very difficult to collect. This is especially the case where public sector entities are concerned. The Line Ministry should step in and provide support in this regard. Another area in which Line Ministry support is urgently needed is the Commission's debt to the NGC.

The Commission must push ahead with its efforts to be firm with large debtors. The Committee understands the need to pause disconnections within the COVID-19 context. It is hoped that once this temporary measure ends, robust efforts to address delinquent customers will get back on track.

The Committee welcomes the Commissions efforts to find new revenue streams through rental of advertising and 5G infrastructure space and will be interested to see how this potential will be harnessed.

The Committee would like to draw these matters to the attention of the relevant authorities.

This Committee respectfully submits this Report for the consideration of the Parliament.

Dr. Bhoendradatt Tewarie
**Chairman**

Mr. Taharqa Obika
**Vice-Chairman**

Mrs. Ayanna Webster-Roy
**Member**

Mr. Randall Mitchell
**Member**

Mr. Adrian Leonce
**Member**

Mrs. Paula Gopee-Scoon
**Member**

Dr Lester Henry
**Member**

Mrs. Charrise Seepersad
**Member**

# Appendix I – Witnesses

The following witnesses attended the meeting held on Wednesday March 11, 2020:

**Ministry of Public Utilities (MPU)**

- Ms. Nicolette Duke - Permanent Secretary (Ag.)
- Ms. Beverly Khan - Deputy Permanent Secretary (Ag.)
- Ms. Gale Dulal - Electrification Sector Specialist
- Ms. Janette Cupid-St. Hilaire - Financial Sector Specialist
- Ms. Arlene Collis - Director, Economic Research & Planning Unit (Ag.)

**Trinidad and Tobago Electricity Commission (T&TEC)**

- Mr. Keith Sirju - Chairman
- Mr. Kelvin Ramsook - General Manager
- Ms. Janet Richards - Commissioner
- Mr. John Chapman - Commissioner
- Mr. Andrew Alves - Commissioner
- Mr. Neil Balgobin - Chief Financial Officer
- Ms. Jacqueline Cheesman - Chief Human Resources Officer
- Mr. Curvis Francois - Chief Operating Officer
- Mr. Gerard Emmanuel Rodriguez - Head – Corporate Support

**THE PUBLIC ACCOUNTS COMMITTEE –**
**FIFTH SESSION, ELEVENTH PARLIAMENT**
**MINUTES OF THE FORTY-FIRST MEETING HELD ON WEDNESDAY, MARCH 11, 2020 AT 10:02 A.M.**
**IN THE ARNOLD THOMASOS (EAST) MEETING ROOM, LEVEL 2, CABILDO CHAMBERS, PARLIAMENTARY COMPLEX, ST VINCENT STREET, PORT-OF-SPAIN.**

Present were:

| | | |
|---|---|---|
| Dr. Bhoendradatt Tewarie | - | Chairman |
| Mr. Taharqa Obika | - | Vice - Chairman |
| Mrs. Ayanna Webster-Roy | - | Member |
| Dr. Lester Henry | - | Member |
| Ms. Charrise Seepersad | - | Member |
| Mr. Adrian Leonce | - | Member |
| Mrs. Paula Gopee-Scoon | - | Member |
| | | |
| Ms. Keiba Jacob | - | Secretary |
| Ms. Vanna Jankiepersad | - | Procedural Officer Intern |
| Mr. Darien Buckmire | - | Graduate Research Assistant |

Excused was:

| | | |
|---|---|---|
| Mr. Randall Mitchell | - | Member |

**COMMENCEMENT**

1.1 At 10:02 a.m. the Chairman called the meeting to order and welcomed those present.

**THE EXAMINATION OF THE MINUTES OF THE FORTIETH MEETING**

2.1 The Committee examined the Minutes of the Fortieth (40th) Meeting held on Wednesday February 12, 2020.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Charrise Seepersad and seconded by Mr. Adrian Leonce.

**MATTERS ARISING FROM THE MINUTES OF THE FORTIETH MEETING**

3.1 With reference to item 6.4, the Chairman informed Members that the Water and Sewerage Authority of Trinidad and Tobago requested an extension to March 13, 2020 to submit their response to the Committee's request for additional information.

3.2 With reference to item 5.1, the Committee agreed to revert to its original meeting time of 10:00 a.m.

**PRE-HEARING DISCUSSION RE: TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (TTEC)**

4.1 The Chairman informed Members that the purpose of the meeting was to follow up on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the Trinidad & Tobago Electricity Commission for the Financial Years 2012 to 2015.

4.2 The Chairman invited Members to review the Issues Paper based on the written submission received by the Trinidad & Tobago Electricity Commission.

4.3 The Chairman invited Members to raise any issues or questions on the implementation of the recommendations in the Sixteenth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the Trinidad & Tobago Electricity Commission for the Financial Years 2012 to 2015. The Members discussed the issues of concern and the general approach for the public hearing.

**OTHER BUSINESS**

5.1 The Chairman invited Members of the Committee to raise any other matters related to the Committee's work.

5.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:29 a.m.

**FOLLOW UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS IN THE SIXTEENTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION FOR THE FINANCIAL YEARS 2012 TO 2015**

6.1 The Chairman called the public meeting to order at 10:32 a.m.

6.2 The following officials joined the meeting:

Ministry of Public Utilities (MPU)

- Ms. Nicolette Duke - Permanent Secretary (Ag.)
- Ms. Beverly Khan - Deputy Permanent Secretary (Ag.)
- Ms. Gale Dulal - Electrification Sector Specialist
- Ms. Janette Cupid-St. Hilaire - Financial Sector Specialist
- Ms. Arlene Collis - Director, Economic Research & Planning Unit (Ag.)

| | | |
|---|---|---|
| • Mr. Keith Sirju | - | Chairman |
| • Mr. Kelvin Ramsook | - | General Manager |
| • Ms. Janet Richards | - | Commissioner |
| • Mr. John Chapman | - | Commissioner |
| • Mr. Andrew Alves | - | Commissioner |
| • Mr. Neil Balgobin | - | Chief Financial Officer |
| • Ms. Jacqueline Cheesman | - | Chief Human Resources Officer |
| • Mr. Curvis Francois | - | Chief Operating Officer |
| • Mr. Gerard Emmanuel Rodriguez | - | Head – Corporate Support |

**6.3 Key Topics Discussed:**

35. The percentage of the population to which T&TEC supplies electricity;
36. The total electricity generation capacity of T&TEC;
37. The peak capacity of electricity demanded by TTEC's consumers throughout the country;
38. The excess electricity which T&TEC generates that is held in reserve;
39. The total cost to operate T&TEC annually;
40. The level of income T&TEC is able to generate internally;
41. The settlement of the monies owed to the National Gas Company of Trinidad and Tobago (NGC);
42. The business operation plan of TTEC and its inclusion of a financially viable and self-sustainable model of operation;
43. The benchmarks utilized by TTEC to measure its performance;
44. The operational constraints which have constricted T&TEC's ability to achieve financial viability and self-sustainability;
45. The operational losses incurred by T&TEC during electricity generation;
46. The price at which T&TEC purchases gas from the NGC;
47. The subsidy placed on the purchase of gas from the NGC by the Government of the Republic of Trinidad & Tobago (GORTT);
48. The lengths T&TEC needs to take in order to more financially viable and self-sustainable;
49. The major achievements of the T&TEC and the strategies used to attain them;
50. The strategies adopted by T&TEC to motivate its staff;
51. The average cost of hosting T&TEC's annual staff appreciation function;
52. The initiatives instituted by T&TEC to reduce its operational costs;
53. The occurrence of low voltage spots along T&TEC's grid;
54. The initiatives being undertaken to address the low voltage concerns and repeated outages in at specific locations nationwide;
55. The removal of wooden poles along T&TEC's utility pole network;
56. The completion of its first draft of proposed amendments for T&TEC's legislative initiatives and the timeline for placement on the GORTT's legislative agenda;
57. The regulation of T&TEC's overtime expenditure;
58. The management of TTEC's non-compliant customers;
59. The attempts made by TTEC to sell its excess capacity;

60. The current initiatives of T&TEC to enhance its customers' experiences and ease of doing business;
61. The policy of T&TEC on sub-station maintenance and transformer repair;
62. The percentage of T&TEC's infrastructure that needs upgrading;
63. The feasibility of commercial entities adding renewable energy to the national electricity grid;
64. The status of the procurement and distribution of LED bulbs to households in effecting the policy decision of the GORTT as outlined in the 2020 National Budget;
65. The anticipated reduction in electricity consumption from the distribution of the LED bulbs;
66. The renewable energy projects which are currently being pursued by T&TEC;
67. The impact of overgrown vegetation and other external forces on reliable electricity supply; and
68. The percentage of the population for which electricity supply remains unserved.

**Please see Verbatim Notes for the detailed oral submission by the witnesses.**

6.4 The Committee agreed that additional questions should be sent to the Ministry of Public Utilities, the Trinidad and Tobago Electricity Commission and the Ministry of Energy and Energy Industries for written submission.
[**Please see Appendix 1**]

6.5 The Chairman thanked the representatives from the Ministry of Public Utilities and the Trinidad and Tobago Electricity Commission, members of the media and the public for their attendance.

**ADJOURNMENT**

7.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned.

7.2 The adjournment was taken at 12:44p.m.

**We certify that these Minutes are true and correct**.

CHAIRMAN

SECRETARY

***March 11, 2020***

**APPENDIX I**

## Trinidad and Tobago Electricity Commission

**Request for Additional Information**

**Issue 1. Status of debt owed to the National Gas Company (NGC) PAGE 1**

1. In the Sixteenth Report of the PAC[14], it was noted that a Business Plan was submitted to the Regulated Industries Commission (RIC) in consideration of the Commission's costs to supply customers and that, if accepted, this Plan would allow T&TEC to meet all its payments including future payments to the NGC.
    a. What is the status of this Business Plan?
    b. Did the Business Plan entail a rate increase?
    a. If yes, was this increase approved and when will this rate be implemented?
2. Via Cabinet Minute No. 1165-2019/06/06, approved on June 26 2019, US$176 million was set off against an equivalent amount owed by NGC to MEEI and the remaining US$524 million was converted into a 10-year loan between T&TEC as borrower and NGC as lender.
    a. What are the terms of this 10-year loan?
    b. What is the status of the debt owed from December 2018 to February 2020?
    c. What mechanisms are in place to monitor and control debts going forward?

**Issue 2. Financial viability and sustainability of the Commission PAGES 1-13**

1. Given the Commission's excess capacity, is there any potential to export electricity?
    a. If yes, identify and provide the status of initiatives undertaken.
2. What is the status of discussions between the Commission and power producers to reduce the Power Production Agreement (PPA)?
    a. What would the intended reduction entail?
3. How many industrial customers did the Commission engage with to increase the demand for power?
    a. What is the status of these efforts?
4. Expressions of Interest (EOI) for a Waste to Energy Project at the Beetham Landfill site and for a solar/wind project are being managed by the MEEI. These are meant to strengthen renewable energy on the electricity grid.
    a. What is the estimated amount of renewable energy that could be generated by these initiatives?
    b. What would be the revenue gains for the Commission from these initiatives?
5. T&TEC and the Airports Authority of Trinidad and Tobago (AATT) are exploring the potential for establishing a solar farm at the Piarco International Airport. The power generated will be for internal AATT consumption only.
    a. What is the estimated amount of renewable energy that could be generated by this initiative?
    b. Could this lead to the AATT becoming energy self-sufficient?
    c. What metrics would be used to assess energy self-sufficiency?

[14] Sixteenth Report of the PAC, page 14, accessed on February 20, 2020: http://www.ttparliament.org/reports/p11-s3-J-20180511-PAC-R16-TTEC.pdf

6. Transformer rental rates were increased by 100% in 2017, earning TT $4 million in additional revenue.
    a. What is the level of demand for transformer rentals?
    b. What was the rate before and after the increase?
7. The Commission was due to finalise its policy on the sale of pole pennant advertising space 'in the near future'.
    a. What policy has the Commission developed regarding this issue?
8. An EOI was issued for the provision of Pole Top Antennae services which culminated with the receipt of one financial proposal. Negotiations broke down with the intended third party provider during contract preparation stage due to an unwillingness on their part to abide by the Commission's requirements.
    a. Does the Commission plan to relaunch the EOI process?
    b. If yes, when is this planned to take place?
9. The Commission is seeking additional customers for pole rental to cable/telecom service providers and Camera Installation.
    a. To how many customers is this service currently provided?
10. With respect to enabling mobile network operators to collocate their communications infrastructure on T&TEC's Communication Towers, the Commission indicated that a draft site sharing agreement with Digicel is under review.
    a. What is the status of this review?
11. Attempts to implement similar measures with Flow were unsuccessful.
    a. What is the status of possible initiatives involving other service providers such as Green Dot and Amplia Communications?
12. The Commission is compiling data to invite an EOI for use of its spare fibre optic capacity.
    a. What is the expected timeline for the start and completion of the EOI?
13. What is the timeline for the development, approval and implementation of the Commission's 2020-2024 Strategic Plan?
    a. What challenges have delayed the finalisation of the Plan?
    b. In the absence of a Plan, how has the Commission pursued its key priorities and initiatives?
14. According to the Commission, the business model under which it operates needs to be reviewed in the context of being automatically responsive to variables that are outside of its control such as exchange rate fluctuations and changes in input fuel prices, which account for upward 60% of T&TEC's expenditure.
    a. What is the status of the review of the business model?
15. How many Power Purchase Agreements (PPA) are currently in force?
    a. In light of the Commission's view in the need to review its business model, what would be the potential effect on PPAs?
16. T&TEC presented a case to the RIC, supported with a comprehensive analysis of revenue foregone from 2006 to 2018 due to reductions in reserve capacities granted to industrial customers, justifying the implementation of a reduction in reserve capacity charge to customers requesting such reductions. The RIC advised that the request will only be considered in the context of an overall tariff review process.

a. Provide a copy of the analysis presented to the RIC detailing revenue foregone from 2006 coming forward to 2018 due to reductions in reserve capacities granted to industrial customers.

17. The Commission's written submission mentions the customer categories D1, D2 and D3. There are different categories of industrial customers paying varying rates from D1 to E2[15].
    a. What are the criteria used to assign these categories to industrial customers?
18. An administrative charge for processing of Generator License Applications was introduced in 2018.
    a. How much is this charge?
    b. What factors were taken into consideration to set this charge?
    c. Are there any exceptions, for e.g. for small generators with a capacity below a prescribed limit?
    d. How much revenue has been earned from this charge since its implementation?
19. The Commission wrote to the National Investment Promotion Agency, InvesTT, informing them that they should use the immediate availability of 388 MW of spare capacity in their promotional campaign to encourage Foreign Direct Investments in Trinidad and Tobago. In written submissions from InvesTT to the Public Accounts (Enterprises) Committee in 2019, T&TEC is listed as one of InvesTT's key external stakeholders[16], and it was explained that potential investors have asked for cheaper supplies of electricity[17].
    a. What is the status of this response?
20. In August 2019, the Ministry of Trade and Industry (MTI) launched the Special Economic Zones (SEZ) Policy[18] to replace the Free Zones Programme (FZP). The incentive regime for the SEZ Policy will include arrangements for the provision light / power and other public utilities to qualifying SEZ Operators, SEZ Enterprises and Single Zone Enterprises.
    a. Has any arrangement for power provision under the SEZ Policy been set up with the MTI?
    b. What relationship did T&TEC have with the Trinidad and Tobago Free Zones Company Ltd (TTFZ) for the provision of power to Free Zones Enterprises?
    c. Did the provision of power to those enterprises entail preferential rates?
    d. If yes, how did this affect T&TEC's revenue?
21. Provide a percentage breakdown, as per district, of TTEC's infrastructure which is in need of repair and the status of those repairs.

**Issue 3. Deteriorating Liquidity Position** **PAGES 13-21**

1. Describe the efforts made by the Commission to collect debts owed to it by public bodies.

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[15] T&TEC, Summary of Electricity Rates, accessed February 20, 2020: https://ttec.co.tt/default/tariffs-2

[16] InvesTT Responses dated July 19, 2019 to Questions for Additional Information from the Public Accounts (Enterprises) Committee, Appendix 1.3.

[17] InvesTT Responses dated April 16, 2019 to request for Written Submission from the Public Accounts (Enterprises) Committee, Appendix 2.

[18] Ministry of Trade and Industry, Special Economic Zones Policy, accessed February 20, 2020: https://tradeind.gov.tt/tag/sez-policy/

2. The focus of T&TEC's disconnections is private accounts with the highest outstanding balances[19].
    a. What is the ratio of debt owed to T&TEC by private accounts to debt owed by public accounts?
3. For the period 2012 to 2015, what percentage of the Commission's bad debts have been written off on the basis that claims became statute barred?
4. What is the legal reason for the Commission's reluctance to publish the names and addresses of customers with significant overdue balances?
5. What was the rationale provided by the Regulated Industries Commission for not having a firm position with respect to the publication of the name and addresses of customers with arrears?
6. What is the status of the Commission's drive to acquire email addresses for all private customers in order to notify them of amounts owed via email?
7. What is the threshold that must be passed in order to qualify as a 'large debtor'?
8. In informing customers via telephone of the amounts owed, did the Commission send SMS messages to those customers?
9. What is the cost, if any, of obtaining police accompaniment for disconnection drives in high risk areas?
10. As at January 31, 2020 10,998 customers used the E- billing facility. This level was reached as a result of information campaigns.
    a. What was the previous number of e-billing customers before the information campaign?
    b. What was the cost of the information campaign?
11. The Commission was considering retaining the services of debt collectors[20].
    a. Was a debt collection agency hired by the Commission?
    b. If yes, what is the name of the agency and what are the terms of reference for its debt collection services? What is the cost to recruit a debt collection agency?

## Issue 4. Abuse of Sick Leave Provision PAGES 21-24

1. The Commission operates a reward system for zero absenteeism, which includes paying Estate Police Officers forty percent (40%) of all unutilised sick leave totaling ten (10) days or more in any one (1) calendar year. However, this system has had no significant effect. At the same time, the Commission has implemented a comprehensive absenteeism policy focusing heavily on health and wellness, which has reduced absenteeism by 40% as follows[21]:

| PERIOD | SICK LEAVE DAYS TAKEN |
|---|---|
| October – December 2017 | 11,293 |
| January – March 2018 | 10,501 |
| April – June 2018 | 10,082 |
| July – September 2018 | 8,049 |
| October – December 2018 | 6,850.5 |

[19] Ibid page 18.
[20] T&TEC, Written Submission dated February 11, 2020, page 16.
[21] Ibid pages 23 and 24.

| | |
|---|---|
| January – March 2019 | 7,011 |
| April – June 2019 | 6933.5 |
| July – September 2019 | 6,654.5 |
| October – December 2019 | 6,779.5 |

a. Given the ineffectiveness of the system of paying for unutilized sick leave and the comparative success of the health and wellness driven absenteeism policy, does the Commission plan to abandon the former in favour of the latter?

## Issue 5. Low Productivity PAGE 24

It was recommended in the 16th Report of the Committee that T&TEC consider the introduction of a productivity/pay for performance" scheme for staff and managers to enhance performance. The Commission explained that it has focused more on non-financial rewards in the current economic context. The framework for these non-financial rewards was being revised to increase buy-in and to better align it with the Commission's core values.

T&TEC's core values[22] include employee health, safety and wellness, an empowered and motivated workforce and ethical conduct including integrity, transparency, exemplary conduct, professionalism, accountability, honesty, respect, trustworthiness, equity, fairness and confidentiality.

1. Describe the ways in which the revised rewards framework will be aligned with the above-mentioned core values.
2. Provide the timeline for the implementation of this revised framework.

## Issue 6. High Overtime Costs PAGES 24-27

1. The Commission identified the following among alternative measures to reduce overtime costs:
   - Vehicle procurement – renewal of vehicle fleet to improve reliability and efficiency.
   - Stringent procurement methods – higher quality materials to reduce failures.
   - Installation of CCTV cameras to reduce the need for manpower in locations (Substations, Service Centres, Offices) throughout the country.

   a. How much of T&TEC's vehicle fleet has been renewed so far and at what cost?
   b. What is the Commission's official vehicle disposal policy?
   c. How many CCTV cameras have been installed and at what cost?
2. What was T&TEC's overall annual overtime bill in each year since 2012?
3. What are the total savings realized since the implementation of the alternative measures listed by the Commission?
4. Has an overtime reduction target been set for a specific time frame?
   a. If yes, what is the target and the time frame?

[22] T&TEC, Vision and Mission, accessed on February 19, 2020: https://ttec.co.tt/default/vision-and-mission

    b. If no, how is progress in this area going to be monitored and encouraged?
2. When was the Commission's Rapid Response Unit established?
    a. What training was provided to officers of this Unit?

**Ministry of Energy and Energy Industries**

**Issue 2. Financial viability and sustainability of the Commission PAGES 1-13**

1. T&TEC explained[23] that the Expressions of Interest (EOI) for a Waste to Energy Project at the Beetham Landfill site and for a solar/wind project are being managed by the MEEI. An RFP was issued and bids were received in August 2019. T&TEC awaits the MEEI's evaluation and recommendation of the preferred bidder.
2. What is the status of progress on these initiatives?

[23] T&TEC, Written Submission dated February 11, 2020, Appendix 3.1.

**VERBATIM NOTES OF THE FORTY-FIRST MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) IN THE ARNOLD THOMASOS MEETING ROOM (EAST), LEVEL 2, OFFICE OF THE PARLIAMENT, PARLIAMENTARY COMPLEX, CABILDO BUILDING, ST. VINCENT STREET, PORT OF SPAIN WEDNESDAY, MARCH 11, 2020, AT 10.33 A.M.**

**PRESENT**

| | |
|---|---|
| Dr. Bhoendradatt Tewarie | Chairman |
| Mr. Taharqa Obika | Vice-Chairman |
| Dr. Lester Henry | Member |
| Mrs. Ayanna Webster-Roy | Member |
| Ms. Charrise Seepersad | Member |
| Mr. Adrian Leonce | Member |
| Mrs. Paula Gopee-Scoon | Member |
| Ms. Keiba Jacob | Secretary |
| Ms. Vanna Jankiepersad | Procedural Officer Intern |
| Mr. Darien Buckmire | Graduate Research Assistant |

**ABSENT**

| | |
|---|---|
| Mr. Randall Mitchell | Member |

**TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)**

| | |
|---|---|
| Mr. Keith Sirju | Chairman |
| Mr. Kelvin Ramsook | General Manager |
| Ms. Janet Richards | Commissioner |
| Mr. John Chapman | Commissioner |
| Mr. Andrew Alves | Commissioner |
| Mr. Neil Balgobin | Chief Financial Officer |
| Ms. Jacqueline Cheesman | Chief Human Resources Officer |
| Mr. Curvis Francois | Chief Operating Officer |
| Mr. Gerard Emmanuel Rodriguez | Head – Corporate Support |

**MINISTRY OF PUBLIC UTILITIES**

| | |
|---|---|
| Ms. Nicolette Duke | Permanent Secretary (Ag.) |
| Ms. Beverly Khan | Deputy Permanent Secretary |
| Ms. Gale Dulal | Electrification Sector Specialist |
| Ms. Janette Cupid-St. Hilaire | Financial Sector Specialist |
| Ms. Arlene Collis | Director, Economic Research & Planning Unit |

**Mr. Chairman:** Good morning, everybody.

**Members:** Good morning.

**Mr. Chairman:** First of all, thank you for coming and for being here to make this meeting a success. And this meeting of course is in the public interest because electricity is so important for everybody who lives here as a citizen, as a resident, conduct business, these are important things to them. Now, this is a follow-up meeting. It is a follow-up on the implementation of the recommendations which this Committee made in the Sixteenth Report of the Public Accounts Committee on an examination of the Audited Financial Statements of the Trinidad and Tobago Electricity Commission for the years 2012 to 2015.

So, my name as you know is Bhoendradatt Tewarie, I am Chair of the Committee. And the purpose of this meeting, the Public Accounts Committee, is to follow-up on the implementation of those recommendations and I do have a report here in which some of the issues that we raised we have some responses. Based on the issues identified the following key stakeholders have been invited, the Ministry of Public Utilities and the Trinidad and Tobago Electricity Commission. This meeting is being held in public and will be broadcast, it is recorded now, but it will be broadcast on the Parliament Channel 11, on Radio 105.5 FM and the Parliament's YouTube channel, *ParlView*. Generally when it is live, viewers and listeners can send their comments related to today's topic via email but in this instance because it is recorded they can send it afterwards if they listen to the programme, by email to parl101@ttparliament.org, facebook.com/ttparliament and by Twitter @ttparliament.

What I want to do now is to ask members of the Ministry of Public Utilities to introduce themselves and following that, the members of the Trinidad and Tobago Electricity Commission, both the board and the management. So if you would do that for me, I will be grateful and I will also ask our members here to introduce themselves to you now, who you are addressing. Thank you very much. Good morning and welcome again.

[*Introductions made*]

**Mr. Chairman:** I will ask my members to introduce themselves starting with Mr. Leonce.

[*Introductions made*]

**Mr. Chairman:** And, of course, my name is Bhoendradatt Tewarie, I am the Chair. I wonder if I could ask the Chairman of T&TEC to give a brief opening statement and then I will ask the Permanent Secretary to do the same.

**Mr. Sirju:** Thank you, Chairman, good morning to you and members again. Well, as you have requested we are here this morning. It is my hope that your questions would be satisfactorily answered. With me are three colleagues as you have met before, Mr. John Chapman, Mr. Andrew Alves and Ms. Janet Richards and the board, and general manager, Mr. Kelvin Ramsook and members of his senior executive are all also here at present as you know.

I am aware, Chairman, that answers to queries arising out of our last meeting were provided and progress updates were submitted as recently as February of this year. Of course, further clarification as you deem necessary will be provided, but if you permit me I shall begin with a few general remarks. Despite the many challenges that T&TEC faces we believe that a relatively high quality of service is afforded to its over 490,000 customers. Key performance indices which measure reliability and quality of supply all fall within acceptable international standards. Let me add that these services are provided with due regard to the Commission's rules and the stipulations of the statutory and regulatory authorities. This is not to say that there is not room for improvement, particularly in the rural and extremities of the system. At the macro level T&TEC's expenditure can be categorized into four major blocks, namely: power purchase agreements, and gas construed for conversion to electricity, salaries and wages, and spares and services and capital works.

Let me assure you that each of these has been under constant review and scrutiny with due regard to contractual commitments and quality of service. Efforts of reducing capacity to be more in line with demand have been and continue to be pursued. As you would imagine holders of contracts are not easily moved but efforts are being made. In parallel, sale of surplus capacity to large customers is also being pursued.

With respect to gas consumption, optimal dispatches of the most heat efficient machines as well as the review of the spinning reserve policy have resulted in savings to the Commission and indeed to the country. Manpower audit as well as succession planning exercises have been undertaken and are under constant review with the aim of achieving optimal deployment for maximum productivity and quality of service. Let me say that T&TEC is fortunate to have a cadre of committed men and women in its workforce. These three items: PPAs, gas, staff costs, represent the bulk of the Commission's expenditure in the vicinity of 90 per cent, leaving just a small percentage for what I have termed spares and services and capital works. This is an area that must be enhanced if proactive and timely maintenance and system updates are to be kept under control.

So Chairman, with these few remarks we are made available for your questions, details of which I shall pass to Mr. Ramsook and his team. Where these cannot be provided immediately, please be assured that written responses will be provided shortly hereafter. Thank you.

**Mr. Chairman:** Thank you very much. I wonder if I could ask the Acting Permanent Secretary to make her opening statement.

**Ms. Duke:** Good morning again, Chairman and Committee members. Thank you for affording the Ministry of Public Utilities the opportunity to join in this discussion as it relates to the provision of electricity services in Trinidad and Tobago. As the line Ministry for T&TEC we view our role as providing the strategic direction, governance and oversight to enable the utility to positively contribute to enhancing the quality of life of citizens as well as the country's overall economic and social development. As part of our mandate in governance and oversight, the Ministry has developed a number of policies and high level strategies for the short, medium and long-term that are aligned to *Vision 2030* and the UN Sustainable Development Goals to such strategic direction for its agencies. These strategic priorities include, but are not limited to, expanding accessibility to public utility services to currently unserved and underserved areas and promoting conservation and sustainable consumption.

In this regard the Ministry has been provided social assistance programmes to ensure that individuals that are underserved and unserved are provided with safe and reliable public utility services to meet their needs. Some of these are: Utilities Assistance Programme, the Residential Electrification Assistance Programme and particularly with reference to T&TEC, the Electrification Programme, lighting of public spaces and the rebate on electricity bills. It is to be noted, and Chairman would have alluded to that, that the Trinidad and Tobago Electricity Commission is a high performance utility in comparison to utilities across the world, as is evidenced in its performance against international performance indicators and also in relation to its technical operations. It is acknowledged however, that despite these positives, the Commission is in a challenging position in terms of its liquidity status which, if not stemmed, will increasingly impact on its ability to continue to function effectively. The Ministry remains committed to supporting T&TEC in terms of strategic guidance and oversight in order to enable the utility to deliver on its mandate in contribution to the socio-economic development of the country.

And so we look forward today to the recommendations of the Committee in moving forward in this thrust. I thank you.

**Mr. Chairman:** Okay, thank you very much. I must say that the short presentations of both the chair and the acting Permanent Secretary are useful and I want to begin by asking some questions based on the actual presentations that were made this morning.

Now, chairman, when you—and the questions are open, but I am addressing this one to the chairman, if anybody else can respond and help that is fine. You said that you have 490,000 customers, right, and the Acting Permanent Secretary mention underserviced and unserved areas. What is the—how many underserved or unserved areas are there in the country or how many households? The census, for instance, 2011, says that there are about 450,000 households and your number would include businesses as well. So do you have an idea, do you know?

**Mr. Sirju:** Not in terms of the number of houses, I do not know if Mr. Ramsook has that, but I am aware that 98per cent of the country has a supply of electricity.

**Mr. Chairman:** 98 per cent is served?

**Mr. Sirju:** Yes.

**Mr. Chairman:** Okay. So you have a 2 per cent deficit really—

**Mr. Sirju:** 2 per cent. It is very remote areas.

**Mr. Ramsook:** And that 2 per cent could translate maybe about 2,000 customers.

**Mr. Chairman:** About 2,000—

**Mr. Ramsook:** Yeah, 2,000 customers at various locations.

**Mr. Chairman:** And these would be households right, rather than—

**Mr. Ramsook:** I think most of those would be households in very remote locations.

**Mr. Chairman:** So, what you would say then is your demand in the country for electricity. I do not mean in terms of the number of people who demand, but what is the demand for electricity and how much do you have to supply, and is there a gap or is there a surplus?

**Mr. Ramsook:** So I will go a little slow on this so that you would be clear in terms of the numbers. So, Chairman—

**Mr. Sirju:** Right, it is okay.

**Mr. Ramsook:** So we have what you call contracted capacity and the total contracted capacity is 1754 megawatts made up of the various PPAs. You have the 1994 PPA, which is 624; you have the 2005 PPA, which is 200 and then you have the Trinity PPA, which is 1998, which is also 210 megawatts and then, of course, you have the TGU PPA which is 720 megawatts. In total that makes up 1754 megawatts of capacity on one side, and when you add Tobago, which is 90 megawatts, because you have five machines at the Tobago plant, which is four at 16 megawatts, one at 20 megawatts, and you have a 4.5 at Scarborough, 90 megawatts. So the total capacity in the country is 1854, contracted capacity, 1854 megawatts.

Our peak demand is 1370 megawatts. When we run the system, we run with a spinning reserve of 90 megawatts. And we also have what you call a reserve margin which we cater for in the event that you have maintenance on the machines. So we usually use a 21 per cent reserve margin, but if you take the two largest machines, 135 megawatts, which is at the TGU side, and 100 megawatts at the PowerGen side, and use 235 as a general average, when you work out the mathematics it throws out 140 megawatts of capacity, 140 to 150 megawatts of available capacity.

**Mr. Sirju:** Surplus capacity.

**Mr. Ramsook:** Surplus capacity.

**Mr. Chairman:** Okay, so that would represent your surplus?

**Mr. Ramsook:** That would represent your surplus.

**Mr. Chairman:** So, we do not in Trinidad and Tobago then, have an electricity short problem on the delivery side, on the production side.

**Mr. Ramsook:** No, not at this point.

**Mr. Chairman:** Not at all. Okay. So the problem is really the demand to meet this surplus that you have?

**Mr. Ramsook:** Right. So the problem is the demand to meet the surplus that we have. That is quite correct.

**Mr. Chairman:** I just like to clarify that so that people understand what is involved. So I want to ask another question similar to the one that we asked of WASA which is, what does it cost T&TEC to do its job, to operate, and how much of that cost do you generate? That is to say how much revenue do you generate, yeah.

**Mr. Ramsook:** Again, let me take that in strides. So our total expenditure averages to $4.5 billion. Our income which is made up of light and power—so if you use $3.1 billion and $300 million for additional income which we acquire via pole rental, we have shares in PowerGen and we have capital contribution and so on. When you add up that, that averages to 3.4 gives you a loss of $1.1 billion.

**Mr. Chairman:** One point one billion dollars is actually what we might call your subsidy. Is that correct?

**Mr. Ramsook:** Right. So that $1.1 billion that you would consider to be the subsidy would generally be the difference in the gas price from NGC which we do not pay.

**Mr. Chairman:** Okay. I will come to that because that is a bigger—

**Mr. Ramsook:** So that is just to put it in the perspective in terms of where that difference is actually dealt with.

**Mr. Chairman:** That is a bigger issue. Okay, but I noticed here in some of the documents that you actually have receivables from government of about a billion dollars, just over 900 million. How do you deal with that? I know this is not recurrent—

**Mr. Ramsook:** Sure it is not.

**Mr. Chairman:** I understand that.

**Mr. Ramsook:** But I prefer to answer it. Yes, we have receivables from government, but government also deals with the other issue of payment of gas—

**Mr. Chairman:** Of NGC and so on.

**Mr. Ramsook:** Right, of the NGC payment—we have settled in full up to December 2018, to the tune of $5 billion—

**Mr. Chairman:** I noticed that.

**Mr. Ramsook:**—which is in a loan arrangement which we have indicated to you.

**Mr. Chairman:** I saw that. Now, I know you have a plan that you are working on and we may ask some more questions on that, but does the plan that you have solve the problem of self-sufficiency of viability for T&TEC? Does it do that?

**Mr. Ramsook:** Right. So, Chairman, that is an excellent question. So what we have been doing really in terms of our business operation, every kilowatt-hour we sell, we lose 11 cents in the whole analysis. So we lose 11 cents. So the plan is how you do bridge that gap—really which as we have said is roughly a billion dollars—to be self-sufficient?

**Mrs. Gopee-Scoon:** A billion to what?

**Mr. Ramsook:** Sorry? Per year, per year, sorry. So what we have been doing is there are a number of initiatives, right, that we have been trying to get done, but of course the impact on those initiatives is not that significant. A good example is our pole rental. We leverage all our poles to providers who use it to install their cables and other equipment and we are looking at other avenues like, we have the Wi-Fi antennas that we are looking at very closely. We are looking at also some advertisement in some of the locations like, the Queen's Park Savannah and so on, some of those locations. That is going to bring in and generate additional revenue.

In parallel to that every avenue that we have to bring in revenue, additional revenue, we have engaged that process. We did—you would have seen where we signal things like our generator licence arrangement when we do major contracting, when we work as a private—for somebody else in a private location where they could get other people, we have a cost that we charge for that. Not related to T&TEC, right, but as a contractor. Those are avenues where we look to make additional income.

**Mr. Chairman:** Yes, I saw you had about 10 areas.

**Mr. Ramsook:** Correct, and we have a business unit that the board had set up in this term and the purpose of that business unit is really for that exact reason. The point is, Chairman, we are not sitting by and saying, okay, we need to get any increase or we need to do this or that or the other. We have to see how we could bridge that gap at T&TEC and we are looking at every possible avenue that we could use to get there.

**Mr. Chairman:** Now, the Acting Permanent Secretary when she spoke, she talked about benchmarked against other organizations or institutions in electricity distribution I suspect it would be in this case, that you do fairly well and that you are a high performance organization. Now, could you help me by first of all understanding how you are ranked and who you are ranked with, first of all, and secondly, if you are high performing but still find yourself in a situation where you are not self-sustaining and you are taking steps to do that, what is the particular dilemma you have as a high performing organization that allows you not to be able to sustain yourself or that might allow you to sustain yourself?

**Mr. Ramsook:** So Chairman, let me take it in the two sections that you have asked for. So we benchmark key indicators, what you call SAIDI, CAIDI, SAIFI, ASAI. Those are reliability indicators that we benchmark with a number of utilities, both in the Caribbean, Canada and North America and other locations in North America. And when you do the comparison—now, of course when you do the benchmarking and you do the analysis, you also have to look at the peculiarity of our business operation in a region where the weather pattern is a certain arrangement against other institutions. And when you do the comparison the figures show out almost equivalent. Of course there is room for improvement, but when we do that and we look at our reliability indicators, they show that factor.

So I will come back to that point just now, but then to get there the question is, how do you get better? So let us understand what is happening with us. Our rates—and we are not looking at any rate review or anything here. I want to make that clear. No controversy in terms of that. But our rates are US 5.5 cents per kilowatt-hour. If you go into Jamaica it is 30 cents; if you go into Barbados it is 28 cents; if you step across to Canada there are three different categories, 10, 14 and 20 cents, and they have what you called a transport cost of 15.5 cents. So when you blend that off it is about 14 cents.

But bear in mind that we operate our business here—so I am going to say this one a little slow—at US 5.5 cents per kilowatt-hour. The gas that we get from the National Gas Company is sold at US $1.54 per MMBtu. The true price of that gas is really—well, it is a little low now because of the issues in the market. But the true price of that gas is $3. So the gas itself is subsidized by the Government of Trinidad and Tobago by half the price. If we were to make an assumption that we would pay the true price of the gas, that is a billion dollars more. I am just throwing the analysis a little bit into the discussion.

**Mr. Chairman:** No, I am glad that you are doing it, because these are important things to understand.

**Mr. Ramsook:** So, if that is a billion dollars more and our income for light and power is $3.1 billion, then you have to go up by 2 cents.

**11.00 a.m.**

So I am saying five, let us say six cents, then you go up by eight cents to pay the true price of the gas. So I am saying then that if you want to look at that and say well okay, fine, let us level the playing field and see where the utility is comparable to anywhere in the world. So I am saying six plus the two that is eight. So you put yourself—sorry, I did not say it correct. So six plus two that two cents will allow you to meet your commitments and pay your normal price of gas. If you double the price then that is two cents more. So that is now 10 cents. Let me say it back slowly again. Right now, we are operating at a loss—

**Mr. Chairman:** Remember people are listening to you so that they want to understand.

**Mr. Ramsook:** Sure. In the electricity business we tend to go fast. [*Laughter*] Sorry about that. Let me go back again. So as I say, we are operating at a loss of $1 billion. If we were two cents more, then we would not operate at that loss of $1 billion. So that takes it from six to eight. If you then want to pay the true price of the gas, take two cents more. So that takes it to 10 cents. So now you have to sit back and say, okay, well good, if T&TEC is at 10 cents they will be meeting all their commitments, because other than the NGC and the gas issue we owe nobody else. We owe no other company. We have one problem, one issue, and one trouble to deal with, and that is you know—so we say well look we will focus on that.

**Mrs. Gopee-Scoon:** The one thing is?

**Mr. Ramsook:** NGC.

**Mr. Chairman:** NGC.

**Mr. Ramsook:** We pay everybody else. We owe no other institution in this country.

**Mr. Chairman:** And NGC represents two problems. One is the debt, and the second one is the price of natural gas.

**Mr. Ramsook:** Correct. Right. So I have reached 10 cents to meet the thing, and I am using that now as a benchmark to compare anywhere else in the world. So I am saying if you use the utility now and say let us see how we are operating compare in anywhere else in the world, we are still below and being able to meet all our commitments. Two cents more would do magic at the institution, but I am just saying we are not going to get there. Two US cents, of course. But we know we are not going to get there.

I am saying this in the dialogue that we are having, but as a utility and a management, fully supported by the Ministry of Public Utilities, our intention is to see how we can acquire this kind of funding otherwise to reduce the burden on anybody else. We are not sitting by and saying this is what should happen.

**Mr. Chairman:** But what would that four US cents more translate to, to the customer in TT cents?

**Mr. Ramsook:** So TT $0.35 cents is what the blend of average cost of per kilowatt is right now. So if you add that you will end up with about 50, 55 to 60 cents.

**Mr. Chairman:** To the customer?

**Mr. Ramsook:** Yes, which, of course—right. So let us say that. So you realized we cannot go there.

**Mr. Chairman:** No, no. But wait, let me understand that. I want to understand that in a way—

**Mr. Ramsook:** Sorry.

**Mr. Chairman:** You do not have to be defensive.

**Mr. Ramsook:** I know. I know.

**Mr. Chairman:** We are talking about a principal utility without which we cannot function and I think it is important to raise the issues. So what that means to, let us say, me as a customer if I am paying $1 for electricity, is that I am now going to pay, if this was done, 1.60, is that it? Is that correct?

**Mr. Ramsook:** Yes.

**Mr. Chairman:** Is that what it translates into?

**Mr. Ramsook:** Yes.

**Mr. Chairman:** All right. So what it means then though to the customer, it would mean to the customer a 60 per cent increase all things being equal.

**Mr. Ramsook**: Yes, in that region it is ahead in that direction.

**Mrs. Gopee-Scoon:** That is not a decision for you?

**Mr. Ramsook:** Certainly not.

**Mr. Chairman:** That is why the issue is so prohibitive.

**Mr. Ramsook:** Chairman, one point to raise, but bear in mind that is transferred at different levels. So the industrial levels—

**Mr. Chairman:** Yeah, they would—

**Mr. Ramsook:** Right. And the domestic customers tends to be much lower.

**Mr. Chairman:** So you net off one against the other.

**Mr. Ramsook:** Correct. It is the cost to provide the service. So while we say that figure so that the domestic would be much lower than the others, because the actual cost to provide the service when we do the analysis based on the RIC Act and so on.

**Mr. Chairman:** Okay. Well I think although this is not an issue that we could resolve here, and it is not within the domain of T&TEC, it is really in the domain of RIC and we will address some of those issues here, but I do want to say that it is important that the public understand what is involved. If you want a self-sustainable unsubsidized T&TEC, then what it means is that 60 per cent increase in electricity cost across the board but managed in such a way that you offset industrial cost against household cost, and that is what it would take and that would solve the problem not of NGC debt, but it would solve the problem of the gap between the price of gas and the price at which T&TEC pays for the gas. But the debt would still remain, and that would be another solution that would have to be found separate and distinct from any annual arrangements of revenue and expenditure. Okay?

**Mr. Ramsook:** Yes.

**Mr. Chairman:** So we have cleared that. I think we understand it clearly now, and I think we understand why it is such a problematic issue, and why it is a political hot potato. Having said that, I just want to ask two quick questions before I go to member Leonce because he would have to leave us early. The question I wanted to ask you is that when you—no, I better not ask that question now because I think there might be other things that people want to ask. I must want to flag one thing just to kind of summarize and to also let the public know what we are about, which is that— What we did on the last occasion when we did the report and made the recommendations is that we made about six or seven recommendations in there, and I will just flag what they had to do with.

One was the status of debt owed to the National Gas Company. I will not go into that; secondly, the financial viability and sustainability of the commission which in fact came up here as an issue and which you addressed; thirdly, the deteriorating liquidity position, and I mean you hinted at that but someone may want to ask a follow-up question on that; issue No. 4 was abuse of sick leave provision; issue No. 5 was low productivity; and issue No. 6 was high overtime cost. There is another issue which is not flagged here in the document, the issue of renewable energy and the possible inclusion on the grid of renewable energy from producers outside of T&TEC. Okay? So somehow we are going to try to follow up on those issues with you and I want to go on now to member Leonce.

**Mr. Leonce:** Thank you very much, Chair. Mr. Ramsook, I am happy that you would have explained to the nation how blessed they are to have the subsidies, and what the Government has been doing to ensure that they can enjoy a very low rate in electricity. I would like to ask the question—oh, I would also like to congratulate yourself and the team at MPO for the performance of T&TEC. I would like you to speak a little bit about the resilience of T&TEC and some of the wins that T&TEC has achieved and how they achieved it. I think important for the public to know because other agencies can also take note of some of the things that you all would have done and have successfully done, and I really honestly admire what you all are doing and I would like you to share that. So that is with respect to your resilience. You broke down the different power purchase agreements that you had, right?

**Mr. Ramsook:** Sure.

**Mr. Leonce:** As part of your strategy you spoke about reduction of your PPA, one, what are the timelines for that, and what is the strategy with that; and how is that going to impact in terms of your sustainable direction in terms of sustainability? But speak first about the wins and the successes.

**Mr. Ramsook:** The Chairman to respond.

**Mr. Sirju:** Member, I suppose you are asking why T&TEC is claiming to be a high performing. In my own observation I would say I think T&TEC is lucky to have a cadre of very, very committed people. We all live in this country and you go out and get services at different places. I have found them to be always sympathetic to people, willing to cooperate. I think that is a significant thing. You know they look after each other. So I think at the people level we are fortunate to have that, and I think that is cultivated in a very nature way at T&TEC by the management. So let me say one is not taking any credit for that. We have just built on that. That has been built up over a period of time, and it ought not to be allowed to go away from there. We should keep promoting that. I often say to T&TEC you know why we cannot be a microcosm society that we wish to be.

So that kind of message tends to go around and I think that helps a lot. I mean I should mention it is not a matter for you to consider, but, for example, the senior staff association of T&TEC they still work at 2011 salaries, but I have not seen increase in sick leave. They appeal to you, but they love T&TEC. If something goes wrong and there is a storm, they are out. They serve. So I think I just share that. I do not take any claim for that. On the other matter that you raised, I think though also I have observed that the management tends to take a very fair position. You know despite what, sometimes you get upheavals, you know what I am speaking about, protest, or intentions to do that, management handles it with good care I think.

So on the matter of power reduction and getting into viability, let me just start first of all with the gas aspect. When you went there were a number of inefficient machines that were being there. So you start probing the engineers and so on, what are the machines, what is configuration, what is best for the grid. So now whereas we were consuming something like 280 million standard cubic feet of gas per day, that was reduced to about 240. So the country saved 40 million standard cubic feet daily. So by spinning reserves, by the dispatch of machines, by fine tuning all the time that is happening on a continuous basis. At the staff level, as I said in my little introductory statement, you have manpower audits being conducted: how the staff is configured; how do you deploy them; how do you improve the efficiency, improve the productivity? This is a constant process that is happening at T&TEC.

With the power purchase agreement, that reduction we met with—you could well imagine as we say the old adage, a bird in the hand is better than two in the bush. So suppliers will be in that position. They have a contract and if you are asking them to say reduce that contract, he will say, "Well, what have you got for me? That is something in the future. It is that kind of negotiation that takes place and it is not an easy negotiation, but it is being pursued. You might find me sounding a little pessimistic about the outcome, but I think there are—I could understand from the investor. He has invested his money, he has put down a plant, he has commitments to his financial people and so on. So if you ask him to reduce now it impacts him.

The strategy we are trying to engage is to ask them to lessen the contract now, but we will then extend it in the future. So that is why I give the idea a bird in the hand is worth two in the bush, that is a question that we are really asking. So that is being pursued as well as trying to use up the surplus capacity, but I think that has to be measured also with gas. Sometimes you have to keep that in mind that you want to sell more electricity, but if you sell more electricity you use more gas. So it is a balancing act all the time. So I do not know if I answered your question in its entirety. I hope I captured some of it.

**Mr. Leonce:** Can you tell me the power purchase agreements that you currently have, what is the duration? Let us just assume that you are not successful in getting them to reduce now, what is the duration of these agreements from when to when, and how does that impact?

**Mr. Sirju:** There are three power producers. PowerGen's contract will come to an end in 2029, as to 1994 and 2005. Their 2005 ends in 2035, but that is for a small portion for two machines in Point Lisas; the Trinity ends in 2028. That is a small producer, 225 megawatts. As the general manager mentioned 210 is the contracted amount; and the one for TGU goes to 2041. So you are asking a very important question. There comes a point in time but what happens, and that is the kind of conversation we are trying to have with PowerGen that your contract is due in 2028, we have some surplus power now, you have some old machines, can you look and see whether you want to change out these machines and lowering the amount that you produced now with the intention of extending you in the future. That is the kind of conversation that is taking place. So it becomes a kind of phase thing where you do not get jolted or shocked at one point in time. Remember some of the machines in Point Lisas were installed in 1976 or thereabouts. So some of them are about 45 years old. So it has been actively pursued and it is the hope of T&TEC that towards the middle of this year there would be a sort of comprehensive paper that deals with this very issue, because if these things do not work out then what happens, what is the projection, when should we have new power in country? And that is being worked on at the moment.

**Mr. Leonce:** And you said you are working on a paper that will be ready by the middle of this year?

**Mr. Sirju:** That is what we are targeting to get there.

**Mr. Leonce:** All right. Thank you very much. Thanks, Chair.

**Mrs. Webster-Roy:** Hi, good morning. There was mention of the pole top antenna service and I wanted to know how far negotiations would have taken in terms of that?

**Mr. Ramsook:** Right. So negotiations went, I would say, fairly far with regard to that transaction except it broke down, and we were still engaging further discussion when the particular provider indicated that he wanted us to sign off on an exclusivity clause which we could not allow because we could not just allow one provider as a public utility. So that broke down the discussions which we intent to reengage with the hope that we could—and, of course, any other providers with the expectation that we could encourage that use and, of course, bring in additional revenue to T&TEC.

**Mrs. Webster-Roy:** If the negotiations do not progress, would you send out another expression of interest, or just engage the ones who would have responded previously?

**Mr. Ramsook:** No, we will go back out with an EoI.

**Mrs. Webster-Roy:** Account.

**Mr. Ramsook:** Yes.

**Mrs. Webster-Roy:** Okay. Another area I wanted to follow-up on. Chairman, you noted that there is good culture within the organization, your staff they are relatively happy, and a relatively stable industrial relations climate, but in your submission I noticed that it would have been a couple years since you all had—what they call it?—a staff appreciation function or anything of that sort, so what you do to keep them motivated with and when do you plan to—

**Mr. Sirju:** I would give the staff the credit. They are self-motivated. They love T&TEC. I would take some of the responsibility for cutting off some of that. You know, I think that we needed to show in the country also, and I think the staff went along with that, that although it was a function that was done once a year, that we too should show some level of frugality of belt-tightening wherever we can. I do not think that you got too much objections. People understood. I think we did not do away totally, but departments were able to still have their little—people are still recognized in a smaller way. We want to reintroduce it this year because we felt we have kept it for long time and we do not want it to die. But I think it was done in that context of showing well we too should be tightening our belts, and we cannot appear to be having some lavish function while the rest of the country is having — **Mrs. Webster-Roy:** So what is the average cost for that function?

**Mr. Sirju:** It could be between $500,000 and $700,000. It used to be a grand affair. The staff is 3,000 people, not all of them would be invited, but you are dealing with awards from 35 years going down to say maybe 15 years. So it is quite— **Mr. Ramsook:** We cannot rate a value.

**Mrs. Webster-Roy:** Just one other question for this round. You mentioned the excess capacity—and this is something we have to breakdown so I would understand and I could explain to my constituency. You have all this excess capacity in terms of energy produced, and then in a number of communities, not only in Tobago, you will hear your customers complaining about low voltage, low voltage, so what is the correlation? How do I explain that to people, in not only Tobago East, but people throughout Trinidad. If they are producing too much how come we are being affected on the other end with low voltage situation?

**Mr. Ramsook:** I just want to identify one more point with the Chairman's position on the long service and so on. That transition—and Chairman will reiterate that—took place from management come down. So everything throughout the organization, everything, has been cut to bare minimum, only essential, as we manage the business as best as we could. So just to say it goes throughout the length and breadth of the Commission. So your point is quite right. So I have the capacity but it is to get it to the customers in the best of ways. That is the most efficient of ways. So, yes, that is where we lose points. We will not deny that we have pockets of issues where people complain of low voltage. You would have outrages in some locations and so on that we really have to continue to work on.

One thing I could say very clearly, especially in Tobago, there are a lot of things happening especially in the north side, and so on, a number of activities we are redoing over. We are installing the second transformer at Studley Park, and all those things like that. That will help to make things, of course, much better. The issue though is that we will have to lose points in there with what you have raised. We really could do better in there, and having the capacity, yes, but being able to respond more effectively we will have to do better in there. So that is an internal issue.

**Mrs. Webster-Roy:** What is the strategy; what is the plan to improve it? Because I could go back and say okay they admit yes they are losing point in that, but that will not satisfy the man on the— **Mr. Ramsook:** Sure. So we recognize that is one of the weak points, especially in the outlying areas you have the issues of outages and low voltage. So we have again targeted what is necessary to make sure that we actually get better and better. We measure it, eh. We measure it. So the plan is our tree trimming, our redeployment of our crew to make sure that we continue to be as effective as we are to focus on the issues. So we have the complaints. I would not want to say that we do not, and I do not want to sit here and deny that we do not. So we have the complaints. Our system is a lot more advanced in that we could detect more information now at our remote ends. All our meters are smart meters. It is a matter of getting out there a little bit more. So in terms of re-corrections, redeploying the crews to continue to focus on those issues. That has continued to happen, the pace is not as fast as it should.

**Mrs. Webster-Roy:** You set targets?

**Mr. Ramsook:** We have set targets.

**Mrs. Webster-Roy:** Okay.

**Mr. Ramsook:** We have a Tobago affairs meeting every month. Mr. Chapman is the chairman of that committee. He is the chairman of the Tobago affairs meeting, and those matters, exactly what you raised—I know we have our issues in Trinidad also—have come up in Tobago and is measured. So we are getting there. We are getting there, but certainly we are not there yet. I want to make that clear. But we do in fact monitor, and in fact actually do what is required to see how we could improve further and further.

**Mrs. Webster-Roy:** Just one more question. Driving around some of the rural areas in Trinidad and in my own constituency, I would notice the rotting poles and sometimes when we try to find out—because people in Trinidad, even though I am an MP for Tobago, would contact me. They will ask, "Okay, well whose pole?" He contact T&TEC, they are not taking ownership; contact TSTT, they are not taking ownership. So we have poles up, rotting poles, hazard to not only property, but people, and nobody is taking ownership. How do you, one, identify your poles; two, what would you have done in the recent past to remove all your wooden poles and bring in the nice shiny silver ones. I do not know the term.

**Mr. Ramsook:** Galvanize.

**Mrs. Webster-Roy:** Yes, that one.

**Mr. Ramsook:** Galvanize and concrete. I feel I could safely say that we are very advanced in our pole installations and the types of poles we have, and there are very few wood poles that exist in the system. There are one or two steel poles that might be rotten at the base and so on, but we have transferred that to galvanize steel poles as well as concrete poles. You may have one or two issues, but we focus on pole replacement every year.

I will want to say that the majority of those poles may not belong to us. But the point though and I think I got your point clear is that when you get those calls, customer does not say anything but they call T&TEC. We do in fact respond and we make contact with whoever is the owner of that pole. The directive that I have always given to our staff is that when you get there make it safe regardless of who is the owner. But you are right, there are situations that I aware of poles that are not in the best of conditions, but I want to fair enough most of which do not belong to T&TEC.

**Mrs. Webster-Roy:** Okay. Thanks.

**Ms. Seepersad:** Thank you. Morning. I just want to jump off of Mrs. Webster-Roy's questions about the reliability and the low voltage issues in Tobago and focus on Trinidad, because that is also a major issue in Trinidad in quite a number of areas. What is the Commission's policy and plans to deal with those situations, because it is very real.

**Mr. Ramsook:** So the reliability issues is, the board measured that also and one of the key things that we have observed, which we know, so I do not want to attempt to say that we are not aware. It is vegetation management. So that is one of the item that we have recognize that continue to give us trouble, and therefore, it was raised, we have done a number of, both internally and external engagements, to deal with that vegetation management. That is being measured by the reliability committee of the board. So I think you will see things better, not 100 per cent perfect, but you would certainly see improvements in that direction and that would take care of the majority of the reliability issues because most of them are related to vegetation management.

You have the other issue of vehicles hitting poles, and so on, which tend to happen, but that aspect of things is in fact a bigger issue that is causing the outages. The low voltage certainly is an issue. The Chairman is right, I know he has also raised it several times in the boardroom where we have to go and measure and check all these transformers, all the locations where we have the low voltage. Again, yes, I would say that we have reports that we do in fact get and we will continue to make every effort to do better in there. I do not want to say that we are not in that situation. Overall I do not think we are as bad, but certainly there are issues and we really need to deal with it. To deal with it, it means we have to make sure that we identify the location, and I want to be fair to you that most of it we already have and we have to get to it based on the order and priority of jobs.

**11.30 a.m.**

Of course, those that we do not have, we get the call-in reports, we take note of the call-in reports and of course, the next step is to actually go and get the job done, all right? So it is a matter of how we allocate our resources and deal with it in a more efficient way, so that gap has to be better.

**Ms. Seepersad:** I think so, because I know reports are done but I find the response time is kind of long and you know, it is something that maybe you could focus on a little more.

**Mr. Sirju:** Member, if I could just add to what the General Manager has said. I think it is something that is recognized. In my initial statement, I was saying that if you look at T&TEC in the main blocks of expenditure account for 90 per cent of its expenditure. This is to pay the power producers, the cost of gas and cost of staff. I know we said we are not paying the gas but we do not also get the revenue that we expect. You understand what I am saying?

**Ms. Seepersad:** Yes, I do.

**Mr. Sirju:** So that leaves 10 per cent, you know, and that is to manage the rest of the system, the distribution system. So generation is okay but the problem really lies in the distributional system. So, for example, there is a town meeting in Point Fortin and people in Cedros are saying well, we have a low voltage problem, there is a requirement for a substation, it is not that the power is not there. And when I refer to that, it is an area that needs to be enhanced, that 10 per cent, that we need to have an enhancement there so that system updates and proactive maintenance can take place rather than us reacting. At the present time, I think there is a little bit of reaction, something happens so we—but that is because you do not have the resources to look at it in its entirety and say this is how we should tackle it.

**Ms. Seepersad:** Okay, thank you. Well, in addressing that issue of funding, I was wondering about your renewable energy projects—well, the household level, renewable energy systems for households, businesses, et cetera, as a project that could be rolled out and there is a fee paid to T&TEC for allowing you to have this system and whatever—and other things. I see in the notes, they have about the Beetham landfill project and for solar and wind projects, et cetera. Where are you along with those types of initiatives?

**Mr. Ramsook:** So in terms of renewable energy, there is a lot of discussion that is engaging the final attention for legislation to deal with what they call the feed-in tariff and that is for customers who would provide their own individual units at the various locations throughout the country of Trinidad and Tobago, that they will utilize as renewables that will be used for their internal purpose and of course, with the extra capacity to feed on to the grid. So that is in its process. That is engaging discussion with the Ministry of Public Utilities.

There are three major projects that are on stream right now in terms of renewables. One is at the Piarco Airport for 1.4 megawatts that is being dealt with right now in terms of a renewable project. The UAE is also dealing with a next one at the Queen's Park Savannah for 700 megawatts and there is a third one that the Government has just concluded at 130 megawatts that is—sorry, 700 watts and 1.4 megawatts. And there is a big one at 130 megawatts that we are about to engage discussion with a power purchase agreement. I would not say too much on that because I am waiting for the final details but that matter has been closed from the information I have so I am just waiting for the final documents to come to T&TEC. We already have a draft PPA, power purchase agreement, it is 130 megawatts of capacity and therefore, that discussion will take place with the expectation. The process has already been completed and that discussion would take place in terms of that engagement for 130 megawatts of renewable energy.

**Ms. Seepersad:** And how far along are you with the legislation initiatives?

**Ms. Duke:** Member, I will ask the Electrification Sector Specialist.

**Ms. Dulal:** Good morning again, members. We have in, at the Ministry a first draft of proposed amendments. We have to go through it line by line, precept upon precept. It is a lot and we have to make sure that we do it in alignment with all the other Acts that relate to electricity services. So it is Act 54:70, 71, 72 and 73. It is a lot of work. The second review of the draft is scheduled to start later this morning.

**Ms. Seepersad:** And what is your timeline to have this thing completed?

**Ms. Dulal:** We would need about eight months.

**Ms. Seepersad:** Before it reaches where?

**Ms. Dulal:** The Attorney General most likely.

**Ms. Seepersad:** And that is to get on the legislative agenda.

**Ms. Dulal:** Yes.

**Ms. Seepersad:** Because that is going to have an impact on the negotiations at T&TEC—no, it would not?

**Ms. Dulal:** No. May I?

**Ms. Seepersad:** Sure.

**Ms. Dulal:** Okay. The 130 megawatts is a utility scale renewable energy project. The Regulated Industries Commission will do the licence for that. T&TEC is going to negotiate with the persons who were awarded the tender for that and that could go on to the grid. The one for the Queen's Park Savannah is going to be owned by the Trinidad and Tobago Electricity Commission so a licence will not be necessary for that, neither would a power purchase arrangement but an agreement, a contractual agreement is necessary. And the one for the Airports Authority, even as we speak, we did a commercial licence at the Ministry of Public Utilities in alignment with the Trinidad and Tobago Electricity Commission and the Airports Authority of Trinidad and Tobago. That application is with T&TEC right at the moment as we speak. So it is not expected to take long because the major work of it has been done.

**Ms. Seepersad:** But it is for the other types of renewable energy projects or to feed into the grid that is the issue. Yes?

**Ms. Duke:** No, not necessarily. The one at the Piarco Airport is—

**Ms. Seepersad:** No, I understand that. What about the other—

**Ms. Dulal:** The other ones would require—yes, for the household, those will require regulations, that has not started as yet. The Ministry of Energy and Energy Industries is leading the effort for the feed-in tariff policy. The Ministry of Public Utilities is a part of that committee, we are in the process of revising a final draft for that feed-in tariff policy.

**Ms. Seepersad:** Thank you. Chairman, I just have one short question.

**Mr. Chairman:** Yeah, ask your questions.

**Ms. Seepersad:** I see the overtime rates. That was an issue raised at the last meeting and while I understand that your human resource bank is dedicated people, et cetera, there is that issue of high overtime cost and I was wondering what is being done to deal with it and really control it.

**Mr. Ramsook:** Right, so our basic salary and wages are in the vicinity of $800 million, salary and wages. When you analyse your overtime, except for 2016 where—so '16 was slightly lower, '17, '18 and '19 averaged about $83 million. 2019 was a little higher than 83 because we had three different episodes in 2019. In July, September, we had Karen; October, we had another tremendously bad weather system and in December, we sent a significantly large team into The Bahamas, a backhoe, right and they stayed there for roughly 25 days and of course, when you look at those factors, it in fact impacted a bit in 2019. The figures themselves though, are about the same from year to year except ’16. So it averages about 12 per cent of your basic.

The business operation, we do a lot of things to make sure that we do not have overtime. All our crews in the cable department are on shift. Our street lighting crews are on shift; our emergency crews are on shift; our utility crews are on shift. So we do have them around the clock, 24, so that we do not have this call out, but you have situations in our business operation that require us to engage our team beyond the normal time. And we have looked at it, yes, there is room for improvement but I would be honest with you in terms of this statement, I feel there is little though, when you look at our business operation. For example, in the City of Port of Spain, most of the work has to be done after hours. San Fernando in High Street and so on because you cannot do work during the normal operating hours. Right? There are situations like I had given, right?

**Ms. Seepersad:** Right.

**Mr. Ramsook:** So these are the sort of items that will impact on your overtime, but really—I have looked at it except ’16. What caused the difference, a lower value in ’16, is because there was a negotiation in ’16, so therefore, salaries went up in ’17 and therefore, when you look at the overall value, you would see ’17, ’18 and ’19 slightly higher than ’16, and of course, ’19, I explained the issue with the different scenarios in 2019. But they basically remain and hover around the same value as we continue to make every effort to keep it low.

**Ms. Seepersad:** Thank you.

**Mrs. Gopee-Scoon:** Thank you very much and again, congratulations PS, GM, Chairman and your teams. Always very impressed with the work of T&TEC. But it will be remiss of me, and just to follow on from colleagues Ayanna Webster-Roy and Sen. Charrise Seepersad about your service or lack thereof in terms of your customers as it relates to business and the industrial parks and so on, and I have to say that I have not been getting negative reports at all but perhaps this is a meeting for updating. Tell us where you are with your fulfilment to the industrial parks, businesses, whether there are a lot of shortages, low voltage and so on, because you know the impact on that is costly. At the same time, where are we with compliance in terms of business persons, who are paying their bills, et cetera. Are they the ones that are responsible for a large portion of your liquidity, not prices but matter?

**Mr. Ramsook:** So the first issue, with regard to the business units, especially the industrial parks, we maintain a high level of reliability in there and that is because the design in there is significantly different in a number of locations. Most of the time, the substation is also right at that zone and the designs of those, really, where the parks are set up and the business units are set up, the power is not very far, the actual capacity is not very far from those locations. So we continue to maintain a high level of reliability to the business units. Again, businesses going out of power for any reason, we respond very quickly because you are talking about downtime affecting the business operations, people working and so on. So on that side, I would say we have been doing fairly well with regard to the business units themselves.

As you know, we are working on the Phoenix Park Industrial Estate. That is another business unit that is about to happen. So all of our processes have been completed and we are just waiting to proceed. So again, we are ready—and proceed at a very high level of reliability, very important because we know the kinds of operations that take place in there. So that factor is in fact so. So that would deal with basically the business.

Now, you had asked in terms of the compliance.

**Mrs. Gopee-Scoon:** Yes, happy customers but do they pay their bills?

**Mr. Ramsook:** Right, so we have on the private accounts, a total of $147 million outstanding, of which $123 million is the desalination plant, right? So that really accounts for the big issue there, other than that, it is small otherwise. So $123 million is the desalination plant, 147 is the total value, you could say about $20 million on the private accounts, so that is it. So we do manage all our own private accounts as accurate as we could.

**Mrs. Gopee-Scoon:** Okay. I want to zero in on excess capacity and I looked at the report recommendations that you should engage stakeholders to find solutions or external partners for the additional capacity produced, the 388 megawatts and so on. And then you spoke about an intention to write to InvesTT and I believe you did write to them indicating your availability of excess capacity on the grid and of course, we all know the benefits of new projects to the country's revenue stream as well and also increased revenues for you and so on.

Now, it is an easy thing to write to say that we have excess capacity and so could you find us some projects, but I think it takes more than that. Have you all sat down with them or have you all sat down and formulated the types of projects that we could probably look at, that will utilize a significant portion of electricity? And if so, pricing is another major factor because InvesTT does not price, you price and my thinking is that your research department should be forward-thinking in terms of the kinds of businesses and projects that InvesTT should be looking at where the benefit to T&TEC would be tremendous and we could utilize all of that excess capacity.

**Mr. Sirju:** Yeah, Minister, that is a sort of complex question. Let me start by saying that the excess capacity is not 388 as Mr. Ramsook might have said.

**Mrs. Gopee-Scoon:** Okay.

**Mr. Sirju:** I think he is trying to get this balance properly. Remember that T&TEC is saying that it loses 11 cents for every kilowatt of electricity that sells. So you might ask why do you want to sell the—you know, the question could arise. I know you are speaking about development on a larger scale. I think we are trying to do two things in parallel. One is to reduce the capacity. I think the wisdom in that is related to the fact that you are aware that one of the power plants is getting very aged, so there is an opportunity for retrofitting or updating that plant for the future and therefore reducing your cash outflows in the immediate which is the problem that T&TEC has at the moment. It wants to reduce the amount of expenditure, so that is one thing. So that is one activity taking place here. On the other case, we say how do you sell the ex-surplus capacity?

So we are in discussions, continuing at this moment, with a major user of electricity which could transform the amount of electricity that T&TEC may have to produce. It may accelerate the need to create new production in the country and with that would be some philosophical questions. In this environmentally-conscious world, do you want to expand your capacity or do you want to see what is happening to the renewables and storage? So you understand the status? So it is a very big complex issue. So we take what we have and say how do we optimize that? We have this surplus, who is a customer that can take that? So that is happening on the one hand. On the other hand, if we can reduce this, let us see what happens first. So the two things are happening in parallel.

I mentioned earlier on to Mr. Leonce, that one was not too, too optimistic that the reduction matter will work. Let us say the person has a contract, he would be saying why should I give up anything? The other one is probably more promising and we meet next week to continue those discussions. I did not want to put the name of that particular—yeah, but it is very large consumer who currently produces its own electricity and T&TEC is trying to see whether it can get involved in producing electricity for them. Because they too, their plant is getting aged and needs refitting. So the question is, do I refit it or do I buy from T&TEC?

The issues are complex and I think at T&TEC, we have been very mindful of the question of gas and the gas supply in the country and every time you produce more electricity, you use more gas, so the question really is: Is that beneficial to the country?

**Mrs. Gopee-Scoon:** Well, it depends on the pricing.

**Mr. Sirju:** It depends on pricing but T&TEC is constrained by RIC so unless new arrangements take place with private developers for the true economic cost, those are the issues that we are grappling with at the moment.

**Mrs. Gopee-Scoon:** So RIC would be responsible for pricing for large private purchasers as well.

**Mr. Sirju:** Yeah, they have categories at the present, even like Mittal, for example, would have been your biggest customer which is a ratee, they are classified in the amount of consumption and T&TEC is constrained to sell that electricity at that price. So I think those are the things. Yes, it is complex and sometimes it requires the decisions—well, T&TEC's input of course but possibly at a higher level.

**Mrs. Gopee-Scoon:** May I ask one more question about the ease of doing business because you know there is a catch-all now for ease of doing business. Are you satisfied that you are enhancing their customer experience? Technology-wise, perhaps through digitization. Are you enhancing the customer experience? At the end of the day, that is what ease of doing business is about and I say so for the residential and the commercial customer as well.

**Mr. Francios:** Good morning, members. T&TEC currently has a number of initiatives to enhance customer experience. Things like e-billing, we are pushing e-billing so that customers can get their bills online and what we call ACCPF, automatic credit card payment facility where they can pay their bills online as well. So that they do not have to come into our offices, they do not have to line up and these long lines, so that will make business a lot easier for the existing customers. We also provide services—well, through the TTBizLink and we are pushing that, where customers can sign up for accounts and so on without having to go come into T&TEC and that is something that we have developed, and it is to be rolled out properly. It is not fully rolled out but that is something that will give even customers who want to start their business within Trinidad and Tobago, the ability to do a lot of these transactions online, all right? So that will also provide a lot of ease in terms of ease of doing business.

I want to just mention we are implementing what we call a Customer Energy Management application where customers can now be in more control over their bills. They can determine what their average bill is like, they can see that, and over a period of time they can set limits and they can actually look at how they are going to conserve energy and reduce their bills.

**Mrs. Gopee-Scoon:** What is that system called?

**Mr. Francios:** Customer Energy Management. So it gives the customer a certain amount of control in terms of their consumption. An energy calculator will be in there as well, so they can see what in terms of how much appliances that they have, they can enter that and project what their bill will be like. So we are putting a lot of things in place in terms of technology to enhance the customer experience.

**Mrs. Gopee-Scoon:** How soon will that be in place?

**Mr. Francios:** That should be in place within the next few months, all right, so this year for sure, it will be in place.

**Mr. Ramsook:** The line Minister is dealing with that also. That is an initiative of the Ministry of Public Utilities and I know he is the one who will—because he is really pushing that whole aspect of things. So I know that is going to come soon once he is ready and so on, it will be let out to the public through the Ministry of Public Utilities.

**Mrs. Gopee-Scoon:** At the end of the day, your customer wants to be able to do absolutely everything online and not come into your offices and it means also that you can close down some of your customer service offices and so on and that in itself is a cost savings. So I think the technology, the online features, those are things that you really have to focus on. Thank you.

**Mr. Chairman:** Sen. Taharqa.

**Mr. Obika:** Thank you, Chair. Apologies for being late, I reached home after midnight and had to catch myself to come up here, two and a half hours from Point Fortin. I have a question, I want to start with a local question. In Point Fortin you find a lot of times the transformers would blow, the same transformers will blow repeatedly or the transformer at a particular location would blow repeatedly, time without number, and there is no communication with the persons who live in the area, apart from those that call the hotline or those that are fortunate to meet the crew on site. There is no communication with the residents, bearing in mind there may not be much residence associations in Point Fortin for you to formerly communicate with. What is the position on that? What is the policy on transformers repeatedly blowing? I say transformer but everything looks like a transformer if you are not an expert, right, repeatedly blowing causing power outages which of course affects safety and security as well as comfort. What is the policy on that at T&TEC?

**Mr. Ramsook:** All right. So in 2019, we had a number of issues at the Point Fortin substation.

We had failure of one transformer, we had some issues with the cable system at Point Fortin, plus what you call there is a circuit board, a [*Inaudible*] circuit board that powers the different customers out of Point Fortin. So, at different times during that 2019 period, we experienced different issues at that Point Fortin substation.

We have made some changes there and we still have more changes to come but we realize though, at the same Point Fortin which we knew before but we have to continue that as we continue to expand, that at Point Fortin, at that location, you are feeding the Harriman location there, the Point Fortin location there and then you get across to Cap-de-Ville site for all those areas there. So that position is at one source point. The plan is we are actively moving in a different direction with regard to that. I am hoping by the end of 2020, by the Conservation Corps right as you start to enter as if you are heading down before Sifoo, there is a location there where a substation was supposed to be established. That process has started and we expect to establish that substation there so that once we do that, all the Trinmar feeder, the Harriman circuit, the Point Fortin circuit, all those circuits in that area there, including Cap-de-Ville, will be better off in terms of the reliability in that area. So that should get a little better.

But coming back to your point though of circuits going and so on, once the call comes in, we do respond but we know that we had, in terms of 2019, it was not all the best in that location.

**Mr. Obika:** So that deals with the general grid. But pardon the lack of technical jargon, I am an economist, not an electrical engineer but for example, I live in Harriman Park and you have—we call it a transformer. I assume it is, the thing that is on the pole?

**Mr. Ramsook:** Yes.

**Mr. Obika:** All right, and you may find that there may be about three grids on the same street so some persons would go, some would not go which is comforting because at least you will have lights which prevents crime from happening if the entire area goes, because those are the smaller things, not the large substation. Why would that be going repeatedly and not be replaced or it is very expensive for T&TEC to replace it, or what are the challenges with that or what causes it? It is an oversupply, an undersupply, overutilization, a bigger transformer is required?

**Mr. Ramsook:** All right, well, I am hearing you saying that and I am feeling very bad about it, eh, I want to make sure that you are clear on that because I am not very happy that you lost supply and customers. Sometimes, I do not get all the data that but that should not be happening. Let me make that clear. It is not a case where we do not have transformers, we have adequate supply of transformers.

Why that could be happening is that sometimes you have recurrent outages, vegetation might be an issue but they do not clear the vegetation sometimes when they go and then they close back up. So we do have some birds, animal-related issues sometimes that cause outages but of course there are protective devices that we use to correct that. If there is overload, the circuit is split and we put additional transformers.

So the true answer to give you is that that should not be happening. There is a system that we have in place that the emergency engineer must look at what you call the repetitive outages if a particular area is going off very often because we have the data, right, because the report will be made, we would have responded and so on. So it is to look at those repetitive outages and not just go when the supply goes, close off the fuse and then turn our backs. So, as I say, it is just that we have to do better. I do not want to come and say different to that but those are some of the reasons why you could be having those outages and we should be addressing it. It is not an issue where we do not have the spares, we have the adequate spares.

**Mr. Obika:** And I really appreciate the forthrightness. I am actually having a walkabout in Harriman Park this afternoon. I will tell the residents that.

**Mrs. Gopee-Scoon:** No advertising please. [*Laughter*]

**Mr. Obika:** We are here to serve the public. So the other issue that is mentioned in this report in terms of the responses to the Public Accounts Committee on page 18, has to do with the issue of public debt, it is a line Item that flows from the previous page and the Commission's outreach programmes in terms of targeting agencies and so on. I was not too sure why Cedros and Point Fortin are on this list. Could you give an indication as to what exactly we are seeing here so I can understand what the problem is?

**12.00 p.m.**

**Ms. Duke:** Member, sorry, could you repeat the question? Sorry.

**Mr. Obika:** So, if you look on page 17, at the bottom of page 17, on the matrix, there is the revenue benefit issue; public debt, there is a certain amount, and then the response is:

The Commission regularly participates in community outreach programmes highlighting safety, conservation message informing customers and convenient services, including e-billing—and so on.

And then I see Point Fortin and Cedros. I just wanted to know if it was there for a particular reason, if there was a challenge with this community, or there was a particular resolution that T&TEC was trying to arrive at. So I just want to understand the reason Point and Cedros being on that list.

**Ms. Duke:** No, these communities that we go to—we are going to several areas throughout the country. So this was just a matter of where was scheduled, not because there was a specific issue. Right?

**Mr. Obika:** Thanks. The other question has to do with the quality of infrastructure nationally. Is it, when last, if I were to use the word, was an audit of T&TEC's quality of infrastructure at the national level for that services; residential, commercial, customers? I would not speak to industrial because I am sure that has to work properly, otherwise we would not have proper industries running, but the ones that service industrial, commercial and residential, for example to draw another entity, WASA, another utility, WASA always gives an account as to what are the issues in terms of their national grid that causes leakages, and so on, and what is required. So based on T&TEC's national infrastructure servicing customers, what is the confidence level and what per cent of it may need to be upgraded or not?

**Mr. Ramsook:** Right, so we have a planning department within T&TEC that looks at the entire grid. That is, one thing we sort of pride ourselves in, because we look at the entire grid and we look at where expansion is necessary. That happens on a regular basis, where we target areas where you might be seeing increase in customer capacity, and, therefore, you need to look at the loading, and so on, the output capacity of the commission, and so on. That whole exercise is also supported by the Ministry's PSIP programme, right, the Public Sector Investment Programme. So typical examples of would be like Westmoorings, Pinto Road, Gandhi Village, those areas where we are looking at expansion work, to increase the infrastructure, right, to make sure that it meets the requirement based on the load growth, right, based on the issues of reliability, and so on. So that is done fully by our planning department. The directives are passed to the various areas and engineers, and so on, and that exercise is an ongoing exercise all the time.

On an annual basis, we average about $250 million to $300 million on capital expansion. That is one of the things we do not hesitate to always do, capital expansion. So we continue with our capital expansions. We identify our weak areas, and so on. But that is more on a macro level. But, of course, at the individual levels we also look at that within the areas and departments.

**Mr. Obika:** What I think I really wanted to ask is, for example, that issue that I raised at the beginning regarding my community.

**Mr. Ramsook:** Right.

**Mr. Obika:** But that does not happen with all the transformers in Point Fortin.

**Mr. Ramsook:** Right.

**Mr. Obika:** So, for example, what percentage of let us say—not to be so specific to transformers, what percentage of the residential and commercial infrastructure of T&TEC needs to be upgraded, changed, improved?

**Mr. Ramsook:** If I were to look at the plant—

**Mr. Obika:** If you do not have that answer you can always present one.

**Mr. Ramsook:** No, no, no, I could, I could. I could say about a 10 per cent, 10 to 20 per cent that requires further upgrade. Not that it is in a situation that requires further upgrade.

**Mr. Obika:** Would it be possible—once, of course, it does not take up too much of your financial resources—to provide the committee with some literature, in terms of that strength? Like, for example, you can in these districts it is up to 100 per cent, in these districts, 70 per cent. So then it adds value to our information.

**Mr. Ramsook:** Sure.

**Mr. Obika:** The burning question I had regarding the PPAs, the power purchase agreements that you mentioned, was at a prior session T&TEC presented on the closure of ArcelorMittal, improving T&TEC's bottom line but reducing T&TEC's demand from customers. Right? Because T&TEC was in essence, the State was in essence providing a benefit to the steel company; a benefit in way of a discount of some sort. Right? Has the power purchase agreements fully displaced the drop in demand by ArcelorMittal?

**Mr. Ramsook:** So, just to put it in numbers, at the time in 2015, when they were more or less still in operation, the peak demand was 1,396 megawatts with Mittal on the grid. The peak demand today is 1,370 megawatts.

**Mr. Obika:** So you are definitely close up to strength. That is good.

**Mr. Ramsook:** Closer to strength.

**Mr. Obika:** The question many persons ask is: What is the potential or how close are we if we are saying we what to wean off gas utilization so that we can leave gas for the companies in the industrial estates. What is the feasibility, at this time, of persons producing their own electricity at the commercial level, not necessarily at the industrial level, and feeding it unto the grid, where there is an excess?

**Ms. Dulal:** Okay, there is no exact answer to that question. However, you have to find the perfect balance. Our consumption of electricity in the country, 54 per cent goes to the downstream petrochemical industry. That is more than half. Thirty-four per cent goes to residential, 11 per cent goes to light business and 2 per cent goes to the street lighting. Right?

Our downstream petrochemical industry requires really, really, stable power to keep going. So any input of renewable energy into the grid, as you know one of the factors related to renewable energy is that it is very, very intermittent, whether it be wind, solar. One of the more stable renewable sources is hydroelectric power. But we are not doing—that is not feasible in Trinidad and Tobago, as the water source is not there. So we have to stick to the ones that are probably going to be feasible. Solar is feasible, but we have not done something called a wind resource assessment project, to check the real feasibility of a wind project. So right now, solar is feasible. But we still have to presently balance it very carefully. All the mathematics has to be done to do a perfect balance to see how much of our present fossil supply we are going to put on to renewable energy. And as we go along, well we are starting with the new utility scape plants, which is—the exact number is actually 112.2 megawatts and it is two plants. One is 92.2 megawatts. The other is 20 megawatts.

The grid, because of its availability right now, can handle and integrate that amount of power easily. But as we move forward, we have to talk about things like storage and all the other technical issues that are related to having intermittent power replacing very, very reliable fossil power. So that is the conversation all the engineers are going to be having and management, and so on.

**Mr. Obika:** Thanks. My last question has to do with what was the subject of the budget presentation this year, in that, this was supposed to be a year of LED bulbs being given to persons in light of power conservation. What is the status of that project?

**Mr. Chairman:** That question is better answered by the—you have an answer?

**Mr. Ramsook:** Yes, we may have an answer, "we is T&TEC". [*Laughter*]

Just kidding.

**Mr. Francois:** So, the Commission has been tasked with the responsibility for managing this project, in terms of the procurement of the LED bulbs, as well as the distribution. So currently, we have a tender that would be closed, think tomorrow the tender is actually closing, the 12th of

March. From there we will be doing the necessary evaluations, and so on. And we hope that by, within the next few months, a couple months, we can actually start the process of distributing the LED bulbs, four LED bulbs per residential account, that we intend to start to actually distribute within the next few months.

**Mr. Obika:** And the last follow-up to that is: What is the anticipated, given that residences account for over 30 per cent, basically one-third of the consumption? Correct right? What is the anticipated impact in the reduction of the consumption at the residential level from the LED bulbs?

**Mr. Francois:** I do not have the figures off the bat, but basically there will be a—now we hope to get like a knock-on effect because once—now four LED bulbs per customer is not much in terms of the overall lights in a customer's installation. However, hopefully this will initiate the whole process for customers being more energy conscious, and they will, you know, the uptake will be greater, in terms of changing all your lights from incandescent to LEDs, and that, we will see a significant improvement. We hope to get something like about in the region of 20/30 megawatts. You know, it is a fair amount if we can get the uptake by customers.

**Mr. Ramsook:** So, even with the LED bulbs, you have, the rating would be in the region of 12 watts and that will replace a 60 watt bulb. So it will be a significant savings if you disseminate it down to the total population eventually. So certainly it is a move in the right direction.

**Mr. Chairman:** Sen. Henry.

**Dr. Henry:** Morning everyone. Like Sen. Obika, I was also very late getting to this session. But let me start with some of the slightly, I hope it is an easy question. In terms of the billing update in the billing service of T&TEC, I mean I still find myself waiting on the mail to get the paper bill. And how is your progress, in terms of billing people online and text messages? I pay my Flow bill when I get the email. TSTT sends me SMS messages. But how is that programme going?

**Mr. Francois:** All right, at this point in time, any customer that we have email address available for, they can actually sign up for e-bills, to get e-bills. What we hope to do in the near future however, is that once we have your email address we can automatically, without you singing up, we can automatically put you to receive an e-notice, where you will see your bill consumption and your cost. So that, you know, hopefully very soon we can have throughout.

**Dr. Henry:** So the customer has to go on and give you the email address. You would get it from some source.

**Mr. Francois:** Yes, so currently the customer has to sign up. They can go to our website and, we call it our customer web access portal and they can, any customer right now can sign up to get their bills electronically, and they do not have to wait for the postage that may or may not come sometimes.

**Dr. Henry:** What proportion of people are utilizing that right now?

**Mr. Francois:** What is that?

**Dr. Henry:** What proportion of your customers might be utilizing that?

**Mr. Francois:** Roughly 10 per cent, about 45,000 customers are using e-bills at this point.

**Dr. Henry:** Ten per cent?

**Mr. Francois:** About 10 per cent, yes.

**Dr. Henry:** You have 90 per cent to go. Okay. On a different note, the General Manager talked about the overtime being relatively stable. I was just wondering how does that work in relation to outsourcing? Is it this overtime becoming stable or less because you have outsourced more of your activity or not? Are you seeing decreases in both areas?

**Mr. Ramsook:** So, the intention, of course, is to ensure that you utilize your internal recourses to its full capacity before you outsource any of your activities. The issue though is there are certain activities that we would not normally outsource, like installation cable jointing, and so on. So there are some activities of that nature that we do not always outsource. However, we do outsourcing. The tree trimming is quite significant with outsourcing. We do a lot of tree trimming outsourcing. We do street lighting outsourcing, street lighting repairs and we also do outsourcing of our maintenance, some of our maintenance.

**Dr. Henry:** Yeah, but my question is: Has that been increasing or decreasing or—?

**Mr. Ramsook:** No, I would say it would be about the same with the outsourcing. It is only so much outsourcing. In terms of resources you have on the outside with the outsourcing. But, of course, our collective agreement restricts us also in terms of outsourcing as to what you can do and what you cannot do you know. Internally you have to use the resources as first priority before you actually go to activities otherwise. The issues like janitorial and so is a non-issue because those are activities we do not do internally and it also restricts us, in terms of the time frame for outsourcing, and so on.

**Dr. Henry:** No, I just wanted to be clear—

**Mr. Ramsook:** Sure.

**Mr. Henry:** —that your overtime is not stabilizing because of outsourcing and rescind that.

**Mr. Ramsook:** No.

**Dr. Henry:** Okay, in terms of some of the renewable projects that were mentioned before, I mean: what is the net effect on that in your viability? I got a little confused as to what— **Mr. Ramsook:** Right, so let us, that one is an interesting one. Let us talk about it a little bit, in terms of renewable projects. So, I am going to use figures to say where we are, right. Generally with renewables, and the particular one in question that we are looking to engage at a 130 megawatts is based on the efficiency. The efficiency of those plants are usually about 30 per cent. Now, in renewables you have—so the best you could probably get these days outside, we do not know, I am not referring to the ones that we are dealing with right now because that has to go through negotiation. But you could look at about US 4.5 cents per kilowatt hour, average. That is if you get down to the best in terms of pricing for renewables.

Right now, if you look at what we do internally, in terms of the existing generation, when you add generation, the figure itself, with regard to the cost for gas and the cost for generation, points you about the same value, 4.5.

Now, if you take the renewables then you are going to do good because it means you are going to then replace what you have internally and you save on gas. But there is a problem. The renewables are in two categories, dispatchable and non-dispatchable. So the non-dispatchable is the figure I gave you at 4.5 cents. So in other words, you bring in 130 megawatts, when the sun shines you get capacity. Cloud cover comes over, you must have capacity waiting to turn on. If you start to get into dispatchable, which is battery backup, right, the equivalent that could actually feed onto the grid, that is where the value goes up almost double the price.

Of course, as the chairman rightly said, as technology improves, it is going to come down. Right? But that is the issue right now with renewable. The issue is that whether the population, and I feel is a good point is whether the population might be willing to pay the additional cost now, might be a little higher, right, save on the natural gas instead of paying three or four times the cost in 10/15 years from now. Because renewable exists. The sun exists and all the items exist. So we have to make a decision of that nature and it is something that we really have to engage a dialogue with the population in a bigger way.

**Dr. Henry:** No, I understand the problem with renewables is the storage.

**Mr. Ramsook:** Yes.

**Dr. Henry:** That is the difficult part to solve, in general, in the whole world, that is a challenge and it is not available when you might want it the most. So you have to store it and then bring it back up. But I just wanted to get some idea. You see, the big picture, in terms of if we are successful at renewables, how would that impact you. That was the overall gist of it.

**Mr. Ramsook:** I would be happy with whatever capacity I get, I could expect to save on gas wherever I can, right. Certainly it will help me down the road. But bear in mind though that I have capacity there also. Right? But I also have to remember as a utility, I have to move in that direction. It has to be driven there as the utility, or else what would 10 years from now say? So it will help. Yes, the answer to that is yes and we have to go that way. We have to find the solution inside of there.

**Dr. Henry:** Anyone else from the Ministry would like to comment?

**Ms. Dulal:** The GM has basically indicated it. We always have to find that mathematical balance and we have to take into consideration that Trinidad actually has experienced and does continue to experience a very high reliability of electricity. So any renewable energy that we are doing, we always have to do the math, we always have to do the balancing, we always have to check the cost. So everything going forward. But yes, we are going towards renewable energy overall.

**Dr. Henry:** Okay. Just to go back to the issue of low voltage. I get the impression that it seems like you were sounding like it was a rural or some other issue. But, I live Diego Martin and we get low voltage fairly regularly. So it is not a Tobago issue. It is not a Cedros issue. It is kind of all over. At what point would I be able to not buy surge protectors for every piece of electrical equipment that I have?

**Mr. Ramsook:** I am going to turn that to Mr. Francois, and I will tell you why. He was the area manager of the north. Diego Martin fall under him. He is now promoted to a different section, but it might be best that he answer that.

**Mr. Francois:** All right, well I think the GM mentioned that a lot of the challenges we would have had, in terms of managing low voltage was the vegetation management where, you know, we have a lot of bushy areas, not necessarily rural, but areas that have a lot of vegetation. And the challenge in there is that we do not want to remove all vegetation because there is an environmental responsibility that we have. But we move just enough that the supply is reliable. Right? And therein lies the little challenges.

**Dr. Henry:** Could you give me a little detail as to why the vegetation cost is the problem?

**Mr. Francois:** Right, okay. What happens is that—now vegetation is just one aspect. But anything that contacts the line itself. You have overhead lines, HVs, LVs. Those conductors, once you have a foreign interference, we have what we call a fault and that fault would cause a dip in the voltage. Whenever a tree touches or a bird touches it will initially cause a dip and it can cause a full outage. Right? A full outage, obviously we have to dispatch people to come and do the repairs and put the supply back. But if it is just touching—

**Dr. Henry:** I wanted to clarify that, because I thought it was something much more scientific. So I was all the while thinking it is some big scientific problem and it is birds.

**Mr. Chairman:** "Yuh did not know was bush."

**Dr. Henry:** Trees and bush. [*Laughter*]

**Mr. Francois:** Birds, bush, but any foreign interference. A vehicle might hit the pole. If a vehicle hits the pole, the wire shake up and they come close together, they may touch. That is a fault. So anything that causes a fault, right, will cause a voltage dip or spike and those are the kinds of issues that we get for the overhead line supplies.

So, basically that is the set of reasons. So we have routine maintenance that will treat with those. We try to ensure that we have our crews go out there and do routine maintenance to ensure that we minimize the occurrences of faults on the system. So that is essentially what we try to do and it is ongoing.

You ask the question: when will it end? When we—now, it is always a cost to do certain things that will stop a problem. If you go underground, underground systems are about three or four times more expensive than overhead line systems, but that will end that problem. And covered conductors, overhead lines, is about twice the amount as well. So we are looking at an increase in the capital expenditure. In order to end those problems, we try to do maintenance to minimize the problems but they will still happen from time to time. So that is essentially what it is.

**Mr. Chairman:** Okay. Thank you very much. I want to ask a few questions and then we will have to bring this to a close. But, I just want to clarify one thing. On November01, 2019, it was reported in a media article that members of the public were claiming that there was an unannounced increase in electricity rates. I just want to confirm that that is not true.

**Mr. Sirju:** Sir, to the best of my knowledge that is not true.

**Mr. Chairman:** Okay. So there is no problem of—

**Mr. Ramsook:** Categorically, no.

**Mr. Chairman:** No. All right. So there is no problem of mis-billing or anything like that, that would lead to that conclusion?

**Mr. Ramsook:** No, Sir, there is no rate increase. And in fact we do not have the authority at T&TEC for any rate increase. That is the RIC, the Regulated Industries Commission. There is no increase, categorically no.

**Mr. Chairman:** Okay. Have you held any public consultations on the possibility of a rate increase? Because I know that that is the process that you said, which is RIC will pronounce on this and not before public consultation.

**Mr. Sirju:** No, T&TEC did not hold any public consultation.

**Mr. Chairman:** All right. So that is not on the agenda. Now, you talked a lot about revenue. I am talking now about the CEO. The CEO talked about revenue. And it seems that the strategy for revenue was really to counteract the need for an increase to the customer. So you are trying to solve by other revenue means and postpone the issue of a rate increase, or defer the issue of a rate increase. What about expenditure reduction or cuts? Is that actively being pursued? I do not want to go into details of how, but, you know, if there are a couple of things that you are doing.

**Mr. Ramsook:** Right, so I think the chairman alluded to it when we spoke about expenditure. The PPA cost, $1.6billion. Of course we spoke of what we could do with regard to that, $1.6 billion to $1.7billion. Gas cost, $1 billion. So 60 per cent of that pie, we really have little control over. Right? So that is one aspect of things.

Beyond that, you then deal with spares, $700 million. Right? And then you have salary and wages, which is the only one that you have in there. That is 26 per cent of the pie. So really that is—right? So we have looked at every avenue that we could reduce cost. Of course, wherever we can we are looking at it.

We spoke about the PPA and what we could do with the PPA, some of the things. How we dispatch—the chairman raised a very valid point. So how we dispatch our machines. So, if you think of three cars and what—"leh we say five cars pulling a load" or, let us say three cars. So two cars pulling a load and, normally in our business you would have one car standing by. So the moment one car shuts down, that car standing by could take up that load and continue. The grid is just like that. So what we have is the machines carrying the load. And we used to have machines on standby waiting in case one trips out, to be able to pick up the additional load.

**Mr. Chairman:** Right.

**Mr. Ramsook:** The thing about it is, if I have a car running for a whole day, it is going to burn gas. Gas is very costly.

**Mr. Chairman:** Yes.

**Mr. Ramsook:** So, therefore, we look at how we dispatch our machines very, very closely. That itself has saved us as much as $60 million/$70 million, that decision alone. How we dispatch our machines is very, very important. Those are a lot of things that we look at, when it comes to cost. Right?

Internally, we look at our employees. We look at, in terms of, as I say, we look at how, in terms of the allocation work to make sure we bring out our customers as quickly as possible. The cash register is generally for revenue. Those are a number of initiatives that we do to try to deal with expenditure, on the expenditure side. Everywhere we could look at it, we look at it.

**Mr. Chairman:** I get the impression from what you are saying now and what you said before, that your strategy at T&TEC is changing. First of all, you do not want to utilize as much natural gas as you used to before.

**Mr. Ramsook:** So that okay, for instance—

**Mr. Chairman:** And secondly, you want to transform your production inputs into the T&TEC grid to renewables. So you are moving directly into these two strategies as an active pursuit of a T&TEC plan. Is that correct?

**Mr. Ramsook:** Right. So you are quite correct, because we do not—because of the issue with the gas, our efforts should be to use the least amount of gas. Let that gas go on to be sold at the higher price because we get it at a reduced rate. Right?

**Mr. Chairman:** Okay.

**Mr. Ramsook:** So that is our strategy, to use less gas. And of course, as we continue to utilize and use up all our existing capacity, certainly we will incorporate the renewables onto the grid and we want to incorporate the renewables onto the grid. Onto the grid, of course, redounds to additional gas savings.

**Mr. Chairman:** Is that influenced at all by the change in the price at which producers are to be paid now and its implications for NGC, which would them imply either a higher price for you or a higher subsidy to the State?

**12.30p.m.**

**Mr. Ramsook:** So that is an excellent point. So as it stands, we pay, as I say half the price, a $1.54 per MMBtu. That has been kept very constant because I could say that the State has—that is a sensitive issue and they have kept that very constant to keep the price to where it is right now. I would not be able to answer beyond that, of course, I do not if we would be able to venture there.

**Mr. Sirju:** I think there is a concept of a power tranche but that is outside of T&TEC's remit. That has to do with the upstreamers, the producers of the gas, the Ministry and they would deal with that and there is something termed "a power tranche" which is sold at a special rate. But that is out of T&TEC's control.

**Mr. Chairman:** Okay. Now, the other thing is that you said that the only debt you really have is an NGC debt. Is that right?

**Mr. Ramsook:** That is correct.

**Mr. Chairman:** And that there are special arrangements being made for that by the intervention of the Ministry of Public Utilities and the other agencies of government.

**Mr. Ramsook:** That is correct. That is transformed into—

**Mr. Chairman:** But what about— Petrotrin owed T&TEC $36,628,240 as at January31, 2020. Is that still a debt that they owe to you and has that been passed on now to Heritage or does it not exist for you anymore?

**Mr. Ramsook:** Right. So that dialogue did take place with Petrotrin. That debt is related to the refinery. The refinery, as you know, would have been operating—

**Mr. Chairman:** But it is still money that they owed you, right?

**Mr. Ramsook:** It is still money that they owe us, correct.

**Mr. Chairman:** They closed down but owe you, right.

**Mr. Ramsook:** So that discussion is taking place and that refinery moved from 60 megawatts to 10 megawatts. But we are expecting that it will go back up. And therefore, that matter is engaging the discussion of the Commission and Heritage.

**Mr. Chairman:** So that means it is a Heritage debt now and the negotiation is between T&TEC and Heritage?

**Mr. Ramsook:** The discussion, yes, with parties at Heritage. I would not want to answer if it is a Heritage debt but we are engaging with personnel in that department.

**Mr. Chairman:** Okay. Now, when the Chairman spoke earlier and he said that about 10 per cent of the expenditure focused on development, that is, the space you had on development and maintenance. I hope I got you right. And I just want to ask something. How do you decide— if you have basically only a 2 per cent un-serviced population and you have basically 98 per cent of your population in both households and business covered, how do you determine development needs?

And I have a simpler question for you which is really constituency-based. When people come, for instance, to my office as an MP, and they indicate that there are light poles that get to point X but there are 16 other houses further down and they need more light poles to get those 16 houses addressed with electricity—the first question is a more, what can I say, a strategy question: How do you determine how you make your development expenditure? And the second one is: How do you deal with that kind of request?

**Mr. Ramsook:** How our business is set up is that, any request for supply, we do a survey. And we look at where our last point of infrastructure is and what is required to bring the infrastructure to meet the requirement. That is costed. So there is a cost because we have to carry the infrastructure in. So there is a dollar value in there. We then look at the revenue that the return generated and it is offsetted with a formula and that difference in the cost is what is factored in there that is sent to the customer.

**Mr. Chairman:** So those development costs on request is a shared cost?

**Mr. Ramsook:** That is correct.

**Mr. Chairman:** T&TEC and the customer?

**Mr. Ramsook:** That is correct. Capital contribution, yes.

**Mr. Chairman:** So do you take these developmental initiatives only on the basis of customer ask, customer demand or other considerations?

**Mr. Ramsook:** In terms of— we do look a requests that we get. We interact with—just to make sure I am answering you correctly— we interact with a number of agencies, and they give us—

InvesTT is an excellent example of one— and they give us an idea of what their plans are and we use that to make that decision.

**Mr. Chairman:** Now, I am going to ask you a question that is a very hard question. It really is a—

**Mr. Ramsook:** I will let the Chairman answer.

**Mr. Chairman:** It is a really— it is a national question. But I cannot leave this table if we are talking about T&TEC without raising this issue, when this entire discourse is really for the public of Trinidad and Tobago to understand what we are about, which is that the whole competitiveness framework for industry in Trinidad and Tobago is based largely on the price— they are not the only factors, but they are based largely on the prices of natural gas and on the price of electricity. That is the basis on which Point Lisas has operated, that is the basis on which the manufacturing sector operates. That has been the basis of a contention, for instance, between Jamaica and ourselves in terms of our manufacturing competitiveness.

Now, how does this issue figure in the thinking of T&TEC, in terms of a national strategy, if the basis of competitiveness up to now has been natural gas price and electricity price?

**Mr. Sirju:** That is a difficult question, Chairman.

**Mr. Chairman:** That is why I alerted you and I do not expect you to give me a perfect or a textbook answer. But if you can share with me your thinking on the matter I think it would be important for the public.

**Mr. Sirju:** I think that— I would be inclined to say that that responsibility lies outside of T&TEC. As a board, I think T&TEC must focus its attention on what is its duty, what is its mandated to provide electricity for the State in an efficient, reliable and economical manner. That is the focus here. The philosophy of what the nation's development ought to be, or is, or should be, I think lies in a different—

**Mr. Chairman:** Yeah. I agree with you.

**Mr. Chairman:** So, at the end of the day, I think at T&TEC what we do is really just to give the best advice all the time so that the best decisions are made. I mean, it is the sort of dilemma that we were talking about earlier on, that you go to renewables, for example, but from a strict T&TEC point of view, you would say, "If we put 130 megawatts of renewals in the grid then T&TEC enters into a power purchase agreement." It does not lessen the power purchase agreement that already exists. So it becomes an expense to T&TEC. Yes, it is going to save some gas, which is a good thing, the nation needs the gas. So there is this kind of cycle and I think it would find it equilibrium.

Let us say, if you talk about one philosophy. One could say, do you stay where you are with your generation now and wait to see what the developments are?" You hear a lot of talks in the United States by presidential candidates that we have to move away from this orthodox power, the environment is going to ruin and all of that.

So maybe, in the near future, you may have development in battery technology. A team of us from T&TEC went to Jamaica where they have installed battery storage, that is just to stabilize their system. When you put renewables, the whole grid gets into its own—there are a whole host to difficulties that you have to solve.

So one philosophy could be, you say, let us manage what we have and prolong the time to see what developments take place in the world. So that is one piece of advice.

**Mr. Chairman:** Hoping that smart technology may provide a solution?

**Mr. Sirju:** Yeah. So, do you hold on to the surplus and manage it; that is one philosophy. The other would say that, if you did that, you are retarding development because it means that you are starting to mark time waiting to see for something to happen.

I think these decisions really are— there are important conversations, Chairman, I agree, but I think that that kind of decision would not really lie with the T&TEC board. So T&TEC focuses largely—

**Mr. Chairman:** But the issue of the price of electricity is central to that. That is why I am raising it.

**Mr. Sirju:** Yes, absolutely. And that is a decision that has to be made, how the impact, for example, as you were talking about— say if you raise it from $1 to $1.60, you could well imagine what the impact that will be. We do not have to be economists to know that inflation will just run away. So that at a macro level, people who are more qualified than we are, will look at that and see what happens in the national scale. But T&TEC ought to say, "Look, even if we produce electricity at that price that is a world competitive price." That is our duty and I think that is where we keep our focus, sort of batting in your crease, if you like.

**Mr. Chairman:** Okay. I appreciate your answer and your candour. PS, do you want to say anything on the subject, or anything else? Because we are going to close now.

**Ms. Duke:** I will ask my DPS to make a few comments.

**Ms. Khan:** Well just to say, Chair and members, that the discussions that were— what the Chairman just spoke about is part of the wider discussions that we have been having at the Ministry of Public Utilities. Today we spoke about electricity generation from fossil fuel and we spoke about renewable, but there are two other steps in between, the issues of energy conservation and energy efficiency, which we are also making a concerted effort to reduce in the country.

So the discussions with T&TEC— because it is going to have a negative impact in terms of T&TEC and the demand. But overall, for the country as a whole, it is going to benefit because of the same arguments of the natural gas going into higher valued activities.

So that continues to be part of the discussion that we are promoting at the Ministry of Public Utilities. T&TEC has been extremely supportive, understanding the bigger picture that as a country, in an environment in which climate change is a significant factor and the move to reduce greenhouse gas emissions is critical for us in meeting our international commitments, that we are continuing along the road because we think this is the best thing to do for the country and for our island state in these times of climate change.

**Mr. Chairman:** All right. I want to thank you very, very much for being here and for answering all the questions in a very, very forthright manner. PS, I want to thank you. Deputy PS, I want to thank you. I cannot see what your designation is from here, but I can see your name is Dulal, so I want to thank you as well. Chairman, I want to thank you for your straightforward answers and considered answers and the CEO, Mr. Ramsook, I want to say that you have been really forthcoming with us with all the answers.

I think both you and the Chairman indicate that T&TEC is a pretty well-run organization which is very customer-driven and we are happy to hear that, we just want you to do better, because we want the country to do better. So some of the hard or complex questions that we asked was really out of concern. We did not raise anything about what is happening in the country now and in the world now. I mean, they closed the stock market and the New York Stock Exchange this morning. The reason for that has nothing to do with what is happening in the financial sector. It has to do with what is happening in the health sector which has an impact on the business and economic sectors and consequently, on the financial sector.

So we did not even talk about that and it is inevitably going to impact us, and we are already feeling it in terms of the reduction in price of natural gas and oil. And there are so many geopolitical wars as well in relation to that energy sector which has been under transformation for the last 10 years. And we are inevitably going to feel the impact and all of us are going to have to adjust including T&TEC and so on.

So we did not raise those issues but the issues that you raised, even not taking these things into account and that we shared here, are pretty challenging in themselves. Both for you as an institution and for the country as a whole. So we cherish the opportunity to engage you in this way. I think you know that my colleagues always ask questions that are uppermost in their mind and also, questions that really sort of are disturbing them about either the business you conduct or what is happening in the country, and I think you got a share of that today and I want to thank my colleagues for doing that.

And I want to thank you again for your forthright answers, both the Ministry and T&TEC. And I think we have a better picture of what is happening and I am grateful for that. Thank you very, very much.

**12.46p.m.:** *Meeting adjourned.*