



Government of the Republic of Trinidad and Tobago
Ministry of Public Utilities

**Thirty-Second Report of Public Accounts Committee on 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**

September 8th, 2020

Office of the Permanent Secretary

1. Strategic Plan

Recommendation:

- 1.1 TTEC should update Parliament on the approval and implementation of the 2020-2024 Strategic Plan by August 30, 2020

Ministerial Response:

The 2020-2024 Strategic Plan has been completed and is currently with the Board of Commissioners for review and approval. The process was stymied by the COVID-19 outbreak. Upon the completion of this process, the Plan will be submitted to the Committee.

Recommendation:

- 1.2 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.

Ministerial Response:

A copy of the 2020-2024 Strategic Plan together with the variances as it relates to the 2016-2020 Plan will be submitted after Plan is approved.

2. Overtime

Recommendation:

- 2.1 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.

Ministerial Response:

Shift work has been used to reduce the overtime hours in many areas of the Commission's operations, such as: street lighting maintenance, road excavation and underground cable repairs. In addition, measures such as encouraging work life balance and promoting health consciousness are being used to mitigate the level of absenteeism and consequently reduce the need for overtime work.

The challenge with implementing flexible working hours lies with obtaining support from the recognised majority union, the Oilfield Workers Trade Union. The Commission has to engage in bilateral discussions with the Union, since any deviation from the existing hours of work means an alteration of the terms and conditions of the Collective Agreement and a unilateral decision to implement flexitime can result in a negative industrial relations atmosphere.

3. Suspension of Disconnections due to COVID-19

Recommendations:

- 3.1 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

Ministerial Response

- a. A total of 25,614 residential customers benefitted from the suspension of disconnections as at August 12, 2020.
- b. The total amount owed by these residential customers is \$28, 138,992.00
- c. Disconnections recommenced on August 13, 2020. It should be noted that disconnection is sensitive to the outstanding balances of customers and their financial situation. T&TEC's strategy is to work with the customers as far as possible to encourage payment of outstanding bills.

4. Public Sector Receivables

Recommendation:

- 4.1 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.

Ministerial Response:

On an ongoing basis, the Permanent Secretary, Ministry of Public Utilities communicates with the Permanent Secretaries and Heads of Government Agencies advising of the monies owed to the various Agencies that fall under the remit of the Ministry of Public Utilities, including T&TEC and urging the payment of such monies. These efforts result in a very small part of the current bill being paid, however, the arrears are almost never addressed. Therefore, the billing arrears continue to accumulate. A major challenge for the Ministries/Government Agencies in settling their debt is the limited allocation received for recurrent expenditure and, subsequently, the timely release of funds by the Ministry of Finance.

The Commission's policy of disconnection, which is used quite efficiently for all of T&TEC's other customers, is not effective for Ministries/Government Agencies as T&TEC has been requested to exercise discretion to enable the functioning of Ministries/Government Agencies. In the circumstances, the Ministry continues to use moral suasion to encourage the payment of outstanding monies owed to T&TEC.

5. Rental of Pole Space

Recommendation:

- 5.1 TTEC should provide Parliament with a precise timetable for the completion of pilot project by August 30, 2020.

Ministerial Response:

The timetable for the completion of the pilot project has shifted from June 2020 to the end of 1st Quarter 2021, as a result of the shift in procurement responsibilities from T&TEC to the potential bidder. In the new business model, the selected advertising company is required to design and procure its pennant brackets and commence installation of advertising pennants subject to the guidelines of the Town and Country Planning Division and upon receiving approval from the respective Regional Corporations. It is noted that the advertising agency owns and installs the infrastructure required to accommodate the pennants, attracting a monthly rental rate per pole of approximately TT\$275 VAT inclusive, over a contracted six-month period (includes installation and removal of the pennant bracket and pennant by the advertising agency).

Recommendation:

- 5.2 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.

Ministerial Response:

- a. The revenue generation projections regarding rental of space for advertising, as outlined below, were developed based on the assumption that approximately 50% of poles (excluding highways) are available for pennant rental for advertising:

Year	Routes/Locations	No. of Poles	Yearly Projections TT\$ VAT inclusive
1	Major streets in POS San Fernando and the QPS	700	\$2,300,000
2	Additional streets in POS and environs	1,000	\$3,300,000
3	Additional streets in San Fernando environs and other major roads	1,800	\$5,940,000

- b. The Commission has 2 scenarios which are used to generate projections for the rental of pole space for 5G infrastructure installation:
- **Scenario 1**
Considers antennae mounted on existing streetlamps. The estimated rental rate per antenna is TT\$161.91 VAT inclusive per month over a contracted five-year period, and includes installation and removal of the infrastructure.

- **Scenario 1**

Considers installing antennae affixed to the pole (within the communication zone). The estimated rental rate per antenna is TT\$ 134.78 VAT inclusive per month over a contracted five-year period, and includes installation and removal of the infrastructure.

The selected model and quantum of poles to be leased will be dependent on the chosen telecommunications provider's requirement, however based on an average usage of 200 poles per selected area, the estimated revenue earnings per month is TT\$32,382.00 VAT inclusive for Scenario 1 and TT\$26,956.00 VAT inclusive for Scenario 2.

6. Revenue Losses and Rate Review

Recommendation:

- 6.1 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.

Ministerial Response:

The policy on the reduction in reserve capacity is an excerpt from the *“Trinidad and Tobago Electricity Commission Industrial Procedures”* and is attached as **Appendix I** to this submission for the consideration by the Committee.

In terms of the legal obligation to grant reductions all requests for reduction in reserve capacity from the customer must be made in writing to the Commission and a historical analysis of the kVA demand conducted. If analysis concludes that the average monthly kVA demand is within 75% of the existing reserve capacity, the existing standard, the request for reduction is not granted. Conversely, if the analysis concludes that the average monthly kVA demand is less than 75% of the existing reserve capacity the request for reduction may be granted, on the following conditions:

- If the customer's account is less than ten (10) years old, a recalculation of the capital contribution is done utilizing the lower reserve capacity. If the result of the calculation is greater than the original capital contribution paid, the customer is liable to pay the difference, prior to the granting of the reserve capacity reduction.
- If the new reserve capacity¹ resides in a new tariff class, the customer may have to rewire the installation in order to accommodate the requisite metering infrastructure for the new tariff class, prior to the granting of the reserve capacity reduction.

¹ Reserve Capacity is the amount of electricity mathematically forecasted to meet the demand of the customer over a specific period of time.

Recommendation:

- 6.2 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.

Ministerial Response:

There are currently 516 industrial accounts that were either closed or downgraded within the past five (5) years (July 1, 2015 to June 30, 2020), materialising in a total loss of \$186 million. If there was a five (5) year Supply Agreement with an application penalty equivalent to the sum of the monthly minimum bills for the balance of the term of the agreement, the Commission could have recovered \$56 Million or 30% of the lost revenue.

Recommendation:

- 6.3 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.

Ministerial Response:

T&TEC applied for a price review in September 2017 and submitted its Business Plan (BP) to commence the process. The RIC triggered a rate review, completed the required update of the Quality of Service Standards in consultation with all key stakeholders, and published some technical papers, with respect to the rate review. However, by letter dated March 14th 2018, T&TEC rescinded its Business Plan (BP) and to date has not re-submitted same. In addition, the Commission is unable to reach an agreement with NGC on the price of gas for electricity production which must inform its Business Plan and is a requirement for the RIC completing its work. The RIC will recommence the rate review as soon as T&TEC re-submits its Business Plan.

7. Employee Productivity**Recommendation:**

- 7.1 TTEC should provide a copy of its updated Core Values and explain the reasons for the changes to Parliament by August 30, 2020

Ministerial Response:

The Commission's 2020-2024 Strategic Plan which is under review by the Board identifies the following updated core values:

- Integrity- We always do the right thing.
- Innovation- We encourage new ways of thinking and doing.
- People- Our People will take us there safely.
- Service- Our customers influence our direction.
- Green Environment- One green earth is our priority.
- Efficiency- We optimize operational effectiveness.

The Commission updated its core values since the previous statement of core values was considered wordy and difficult to commit to memory and did not inspire or motivate staff to excellence. The Commission is of the view that the statement of an organization's core values must be concise, memorable and motivational, and these updated values in the 2020-2024 Strategic Plan meet these criteria.

Recommendation:

7.2 TTEC should submit a copy of the framework for non-financial rewards by August 30, 2020.

Ministerial Response:

The World of Work (WOW) Award Programme has been restructured and awards are now being given in the following categories: championing the core values, adding value, going beyond the call of duty and customer commendations. The rewards take the form of corporate gifts or gift cards/ vouchers. The assessment and approval of nominations are at the discretion of the Heads of Departments/ Area Managers. In addition, employees are recognised by T&TEC's internal Corporate Communications Department, which serves as an added incentive to all staff.

Recommendation:

7.3 TTEC should explain its preference for non-financial rewards and its assessment of the effectiveness of these rewards by August 30, 2020.

Ministerial Response:

T&TEC's preference for non-financial rewards currently is based on its negative financial situation which does not allow for additional costs at this time. The non-financial rewards have proven to be very effective in motivating staff towards more positive work behaviours.

8. Relationship with the National Gas Company (NGC)

Recommendation:

- 8.1 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; (to settle the NGC Debt)
 - 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.

Ministerial Response:

- a. The Ministry is of the view that T&TEC's Business Plan effectively identifies the Commissions goals, objectives and strategies to execute the Government's mandate.
- b. In respect of the settling of the accumulated arrears to NGC, T&TEC collaborated with MPU, MOF, MEEI and NGC in devising the measures contained in the Business Plan. As a consequence, the MPU is in full agreement with the measures.
- c. There was no delay in providing feedback to T&TEC on their Business Plan. The Ministry provided feedback to the General Manager on 10th April 2017, indicating that there was inconsistency on the price of gas used in their income and expenditure forecast for the five-year period 2018 -2023.
- d. In relation to this response, please see (c) above.

9. Renewable Energy (RE)

Recommendation:

- 9.1 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.

Ministerial Response:

Presently, there are three (3) grid-connected RE projects under development:

- (1) The Consortium (Lightsource BP, BP and Shell) Solar PV- 112.22MW (92.22MW at Pt. Lisas and 20MW at Trincity)
- (2) Solar PV Carport at Grand Stand Queen's Park Savannah — 0.7MW
- (3) PV System Piarco International Airport— 1.4MW

These projects offer a total of 114.3MW of Solar PV and has an equivalent energy output of 200 GWh per annum. This equates to 2.2% of the current annual electrical energy generation or approximately 9% peak annual power demand. The potential for other RE sources such as wind and alternative fuels, (for example, biomass) is being assessed by the Ministry of Energy and Energy Industries.

Recommendation:

- 9.2 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.

Ministerial Response:

In accordance with the EM Act, T&TEC has complied with the requirement for a CEC in the past, when a power generator greater than 50MW was being constructed, as has occurred with the TGU, PowerGen and Trinity Power Limited. Currently, T&TEC and EMA are coordinating through MEEI to address the requirement for a CEC for the RE initiative, in relation to the Consortium's (Lightsource BP, BP and Shell) Solar PV Project.

