

## PUBLIC UTILITIES COMMISSION

**In the matter of the Public Utilities Commission reviewing the Guyana Power and Light Inc. (GPL) Operating Standards and Performance Targets for 2019**

**ORDER NO 2 of 2020**

### Representatives of the Public Utilities Commission:

|                        |   |                         |
|------------------------|---|-------------------------|
| Ms. Dela Britton       | - | Chairman                |
| Ms. Verlyn Klass       | - | Commissioner            |
| Dr. Leyland Lucas      | - | Commissioner            |
| Mr. Vidiahar Persaud   | - | Secretary/Legal Officer |
| Mr. Moorsalene Sankar  | - | Financial Analyst 1     |
| Mrs. Yogwattie Sookram | - | Financial Analyst II    |
| Mr. Nikita Somwaru     | - | Engineer                |
| Ms. Destra Bourne      | - | Complaints Manager      |

### Representatives of the Guyana Power and Light Inc.:

|                      |   |                                  |
|----------------------|---|----------------------------------|
| Mr. Renford Homer    | - | Deputy Chief Executive Officer   |
| Mr. Bharat Harjohn   | - | Divisional Manager of Operations |
| Mr. Loris Nathoo     | - | Divisional Director of Finance   |
| Mr. Ryan Ross        | - | Divisional Director of Projects  |
| Ms. Rhonda La Fargue | - | Customer Service Director        |

The Licence granted to the Guyana Power and Light Inc. (GPL) was amended on the 4<sup>th</sup> October 2010, and same took effect from the calendar year 2011. The said amendment made provision for its Operating Standards and Performance Targets (OSPT) to be submitted to the PUC on a one and five-year basis. The Targets must be included in the company's Development and Expansion Program, which is submitted for approval to the Subject Minister.

In accordance with Section 25 of the PUC Act No. 10 of 1999, the aforementioned Operating Standards and Performance Targets constitute the standards and quality of service which GPL is obligated to provide to the PUC. It is therefore binding on GPL, and enforceable by the Commission, as provided for in paragraph 16 (b) (iv) of GPL's amended Licence.

There are eight (8) standards and targets, namely:

1. Customer Interruptions
2. Voltage Regulation
3. Meter Reading
4. Issuing of Bills
5. Accounts Payable
6. Accounts Receivable
7. System Losses
8. Average Availability

GPL's Licence further provides that by March 30<sup>th</sup> in each year commencing from the year 2012, the PUC shall review GPL's performance for the previous calendar year with respect to the OSPT for such calendar year, and it shall determine whether GPL has failed to achieve and/or attain the targets.

Should the Commission find that the Licencee has failed to meet its Operating Standards and Performance Targets as provided for, it may impose a monetary penalty on the company in an amount not exceeding **25%** of the total value of the dividend payable to the company's shareholder(s) in the calendar year.

The Commission was unable to conduct the review as per the provisions of the GPL's Licence by the 30<sup>th</sup> March 2020 as a result of the global COVID-19 Pandemic. The Operating Standards and Performance Targets Hearing was therefore held on September 17, 2020, via the Commission's Zoom platform.

Hereafter we set out the standards and targets with explanations by GPL as it relate to the standards not achieved.

## **1. CUSTOMER INTERRUPTIONS:**

### **(a) System Average Interruption Frequency Index: (SAIFI)**

The intent of this standard is to limit the average number of outages which consumers received during the year 2019 to no more than 68.

The average number of outages experienced by a consumer was 104. The standard was not met. The explanations offered by GPL for this failure were due to the Demerara- Berbice Interconnected System (DBIS) experiencing five shutdowns during the year and the inability of the company to provide redundancy during maintenance of the transmission system. Generation shortfalls from time to time worsened the situation.

### **(b) System Average Interruption Duration Index (SAIDI)**

The intent of this standard is to limit the duration of outages that a consumer would have received during the year to no more than 80 hours. The average duration experienced by consumers during the year was 104 hours.

The company's explanation in not meeting this target was basically the same for not attaining SAIFI; namely that the shortfall in generation together with the instability of the transmission system resulting in higher numbers of intended outages.

## **2. VOLTAGE REGULATIONS:**

The Standard requires that GPL "shall seek to maintain in stable conditions, voltages of  $\pm 5\%$  of the nominal voltage and  $\pm 10\%$  following a system disturbance".

The company has maintained from the inception of OSPT reporting that it would be difficult to monitor and report on the voltage supplied to each customer. This standard as in previous years was not measured.

At the previous OSPT hearing in 2018, the company reported that with the installation of Advanced Metering Infrastructure (AMI), the company would be in a position to randomly access data from the registry of these meters which would then enable the company to report on voltage fluctuations.

As an alternative to reporting on the standard, GPL has committed to complete 100% of customers' voltage complaints which range from network reconfigurations, vegetation, upgrade of lines and other voltage complaints in no more than 30 days. To this end GPL has reported that 94% of the voltage complaints were completed within the stipulated time frame.

### **3. METER READING:**

For 2019 GPL was required to read 97% of maximum demand consumers and 90% of non-maximum demand consumers.

The standard with respect to both was not achieved. For non-maximum demand consumers, 89% of the meters were read; and for maximum demand consumers, 91% of the meters were read.

GPL's explanations in not meeting the operating standard with respect to non-maximum demand consumers which was not marginally achieved included:

- Delay in the transfer of consumers' information to the new AMI meters. The company is currently involved in the changeout of a significant number of old meters under the Public Utility Upgrade Program.

GPL's explanations in not meeting the operating standard with respect to the maximum demand consumers included:

- The occasional failure of the hand-held devices to read the data stored in some of the meters. The company has attributed two reasons for this. The first is that the hand-held device with radio frequencies to communicate with the meter is unable to access the data which sits in the registry of the meter and/ or that the meter may be defective.

#### **4. ISSUING OF BILLS:**

GPL is required to issue maximum demand bills within 7 (seven) days, and non-maximum demand bills within 10 (ten) days, after the meters have been read. GPL has reported that on average, maximum demand bills were issued within 5 (five) days, and non-maximum demand bills within 9 (nine) days after the meters were read. The targets set with respect to both categories of consumers were met.

#### **5. ACCOUNTS PAYABLE:**

This standard commits GPL to pay its creditors within 26 days. GPL reported that it took an average of 21 days to settle its indebtedness with its creditors. The standard was therefore achieved.

#### **6. ACCOUNTS RECEIVABLE:**

This standard commits GPL to a 30 days cash collection cycle.

GPL provided the Commission with two credit periods. The first was the actual credit period; the other was the probable credit period, had its major customer, the Guyana Water Inc., paid its billings in a timely manner.

GPL reported that its actual cash collection cycle for the year under review was 92 days. The standard was, therefore, not met. GPL reported that their cash collection cycle excluding Guyana Water Inc. was 31 days, marginally above the set standard.

#### **7. SYSTEM LOSSES:**

The standard sets system losses at 25.7% of dispatched power for 2019. For the reporting period system losses were 27.6% of dispatched power. The standard was therefore not met.

The company explained that there was an error in the reporting of system losses for 2018. The figures reported on in 2018 was lower than which was achieved in this reporting period, and as such presented a false sense that the initiatives introduced in 2018 were beginning to show positive results.

The company reported that although the target was not met, system losses in 2019 were lower than in 2018.

The explanations offered by the company in achieving a measure of success in reducing these losses over the previous year were:

- Upgrades to approximately 300 kilometers of low and medium voltage lines on the transmission system.
- The installation of a more secure network in safeguarding against electricity diversion.
- Replacement of over 32,000 meters with the AMI meters.

## **9. AVERAGE AVAILABILITY:**

For the year 2019, GPL was required to achieve an average generation availability of 80%. The company reported that average generation availability was 84%. The standard was therefore met.

### **PUC'S REVIEW OF STANDARDS NOT ACHIEVED**

#### **(1) Customer Interruption:**

In reviewing the performance of this standard, we took into consideration the constraints faced by the company and its planned programs to reduce consumers' interruptions. The impact on consumers whilst this is a cause for frustration was in fact mitigated as outages lasted for shorter durations than was originally planned.

#### **(2) Voltage Regulation:**

From the inception of reporting on the OSPT, the company has maintained that it cannot measure the voltage supplied to each customer and as an alternative, substituted remedial customer voltage complaint which should be completed within a thirty-day time span. (Voltage complaint is, however, not an OSPT approved standard.) There is compelling evidence to suggest that the voltage received by consumers in some areas is not consistent with that which the company has been contracted to deliver. This often results in damage to consumers' equipment. GPL has reported that there are now approximately 30,000 AMI

installed on consumers network nationwide. Given the commitment by GPL to randomly access data on voltage supplied from the registry from these meters, the Commission believes that the company now has a representative sample from which to choose and therefore should be in a position to report either wholly or partially on the standard when the 2020 OSPT is reviewed in 2021.

The Commission recognized GPL's new development plans for its transmission system and queried whether the company had considered upgrading to a higher transmission voltage. GPL reported that it has been working not only on remodeling its system to determine what the ideal transmission voltage should be, but also to assess what is needed on a wider scale, given the development plans which are being proposed at the national level. The current 69kV transmission system would eventually be unable to deliver the level of power transfer, which is currently projected. The transmission voltage of 230kV is being considered which could adequately facilitate future hydropower and other developmental projects.

**(3) Meter Reading:**

**(a) Maximum Demand Consumers:**

GPL has consistently not achieved this standard notwithstanding the small class of consumer population. The reasons for failing to achieve the standard is the recurring problem of malfunctioning hand - held sets which fails to retrieve readings from the meters. The company from the inception of OSPT reporting, continues to default on this standard without proper solution. The Commission wishes to emphasize that the company must employ all necessary measures in order to achieve compliance with the standard.

The impact, if any, on consumers and on the company is negligible. However, the company ought to take pride in its performance and must ensure at a minimum it achieves this standard in 2020.

**(5) Accounts Receivable**

The Commission notes the company's explanation in not achieving the standard and agrees that enforcing compliance to collect the Guyana Water Incorporated Ltd. debt is not in the national interest. Having recognized GPL's commitment to the national good, the impact of GWI's default on GPL, and by extension on their consumers must be considered. Given the magnitude of the current debt and if allowed to grow exponentially, would create uncertainty in planning for the company, with negative consequences for both the company and their consumers.

**(6) System Losses**

We have, over time, reported on the significant weight placed on system losses within the context of the OSPT, and that an under-par performance casts a shadow on the overall performance of the OSPT. The company did not achieve the target set in the standard.

The Commission noted the new investments as proposed by the company and queried as to whether an assessment would be conducted in order to determine based on the investments in the Company infrastructure the level by which system losses would be reduced. The company had indicated that there is a methodology which is presently being utilized, and that they are in the process of refining that methodology.

**GENERAL**

The Commission recognizes that the operating standards are set within the framework of the company's existing infrastructure and cash flow limitations. However, most of the standards fall far short of what would constitute an efficient utility. There remains much to be done to attain these standards and it is hoped that there will be incremental improvements in the quality of service to consumers going forward.

**DECISION**

The Commission in reviewing the company's performance took into consideration the resources available to the company during the period under review, as well as other factors which may have impacted the company's overall performance.




Having regard to all submissions and taking into consideration the explanations offered by the officials of GPL, it is not prudent at this time to issue a monetary penalty against the Company. Their failure to meet certain targets was mitigated by the fact that they were not excessive and the impact on consumers was not burdensome.

Dated this the 19<sup>th</sup> day of October 2020.

  
Dela Britton  
CHAIRMAN

  
Rajendra Bisessar  
COMMISSIONER

  
Verlyn Klass  
COMMISSIONER

  
Leyland Lucas  
COMMISSIONER

