

## PUBLIC UTILITIES COMMISSION

Order No. 1 of 2024

**In the matter of the Public Utilities Commission reviewing the Guyana Power and Light Inc. (GPL) Operating Standards and Performance Targets for 2023.**

### CORAM

Ms. Dela Britton	-	Chairman
Ms. Verlyn Klass	-	Commissioner
Dr. Nanda Gopaul	-	Commissioner
Mr. Maurice Solomon	-	Commissioner
Mr. Rajendra Bisessar	-	Commissioner

### IN ATTENDANCE

Mr. Vidiahar Persaud	-	Secretary/Legal Officer
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### APPEARANCES

#### Guyana Power and Light Inc:

Mr. Kesh Nandlall	-	Team Leader, Executive Management
Ms. Shaun Hamlet	-	Divisional Director – Transmission and Distribution
Mr. Parsram Persaud	-	Divisional Director - Loss Reduction.
Ms. Rhonda LaFargue	-	Divisional Director - Customer Services
Mr. Gary Hall	-	Division Director – Safety, Health, Environment Management and Operational Support

#### **The Guyana Consumers Association**

Mr. Patrick Dial	-	Chairman
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On the 4<sup>th</sup> day of October 2010, the Licence to Supply Electricity for Public Purposes granted to the Guyana Power and Light Inc. (hereinafter referred to as GPL) on the 1<sup>st</sup> day of October 1999 was amended to include the provision for GPL to submit with effect from the year 2011 its Operating Standards and Performance Targets (OSPT) on a one and five-year basis to its subject Minister for approval.

Further, by way of an amendment to paragraph 16 of the Licence, the OSPT for each one-year period included in every approved Development and Expansion Programme constitute the standard

and quality of service which GPL is mandated to report to the Commission at a public hearing which must be held by the 30<sup>th</sup> day of March of each year for the previous calendar year.

There are eight (8) standards and targets which are subject to review by the Commission, those are 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

The amendment to the licence also allows for the Commission in its review of GPL's performance to determine whether the Company has failed to meet any of the standards or targets in any material manner. In the event that the Commission finds that GPL has failed to meet the OSPT, the Commission may impose penalties upon the Company in an amount not to exceed 25% of the total value of the dividends payable to GPL's shareholder(s). The Commission in imposing such a penalty shall take into account the extent to which the Company has failed to meet the set standards and targets and the impact of any such failure(s) on its customers.

On the 14<sup>th</sup> day of March 2024, the Commission held its public hearing into the review of GPL's 2023 OSPT. The objective of the hearing was to afford the Company the opportunity to discuss its projections, present its 2023 achievements and to justify its reasons for not meeting the targets or standards.

Hereafter we set out the standards and targets with explanations by GPL as it relates to the achievement or non-achievement of each standard and target.

## **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 experienced during the reporting year. For the year 2023, the target was set at 90 outages. GPL

during its presentation informed the Commission that the average number of outages experienced by consumers in the year 2023 was 96.

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

The intent of this standard is to limit the duration of outages experienced by consumers during the year. For the year 2023, the target set was 95 hours, however, the average duration of outages experienced by consumers during the year was 103 hours.

**Both targets under customer interruptions were therefore not met.**

The Company in its presentation indicated that its failure to attain the targets set for SAIFI and SAIDI was as a result of feeder trips, transmission line trips, planned maintenance and the shortfall in generation which the Company experienced in the latter part of 2023.

## **2. VOLTAGE REGULATION**

Under this standard, GPL is obligated to maintain stable voltages within  $\pm 5\%$  of the nominal voltage and  $\pm 10\%$  following system disturbances. Since the inception of the OSPT hearings, the Company has maintained that it would be difficult to monitor and report on the voltage supplied to each customer. As a temporary solution, GPL had proposed an alternative method of assessing compliance with this standard which entailed measuring the percentage of voltage complaints resolved within a 30-day period and utilizing this data as an indicator of compliance.

At the 2023 hearing the Company informed the public that it embarked upon a pilot project using the ITRON bridge type meters to monitor the voltage supplied to consumers. The Company indicated that its Goodhope F2 Feeder which is located on the East Coast of Demerara was selected for the first phase of this project, since it has one of the longest distribution circuits and that this feeder has a large number of consumers connected to it. The Company informed the Commission that this is the ideal feeder for the preliminary testing of voltage received by consumers and also reported that the voltages on the feeder were well within the prescribed limits.

## **3. METER READING**

The target set for the 2023 reporting year required GPL to read 97% of the meters of maximum demand consumers and 90% of the meters of the non-maximum demand consumers. Maximum demand consumers are primarily industrial consumers who are billed for both demand (kVA) and



energy (kWh) usage. Non-maximum demand consumers are referred to as residential and small businesses who are only billed for their energy (kWh) usage.

GPL reported that for the year 2023, 92% of the maximum demand meters and 88% of non-maximum demand meters were read.

**The targets set for both categories of consumers were not achieved.**

GPL attributed its inability to meet the operating standard for maximum demand consumers to the weak signal strength of the handheld devices employed for data reading from the ITRON-AMI meters. As it relates to the non-achievement of the target set for the reading of the non-maximum demand consumers' meters, the Company indicated that this was as a result of blank displays on the meters. GPL indicated that it was in the process of acquiring new handheld devices to resolve the data extraction from the maximum demand meters and in the continued process of changing out of meters with blank displays with a timely update of this change in their system.

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

For the 2023 assessment, GPL was obligated to dispatch maximum demand bills within a 7-day timeframe and non-maximum demand bills within 10 days after completing meter reading operations. GPL indicated that on average maximum demand bills were issued within the prescribed 7-day period, while non-maximum demand bills were typically processed within 8 days following meter readings.

**The targets set for both categories of consumers were met.**

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

GPL has committed to satisfying its indebtedness to its creditors within 26 days. The power Company reported that an average of 32 days was the number of days taken by the Company to settle its indebtedness with its creditors.

**The standard was not achieved.**

The Company stated in its presentation that notwithstanding its inability to meet the standard for accounts payable, it managed to fulfil its creditors' obligations within the credit period specified on the invoices. This is as a result of the extended credit periods allowed by GPL's creditors.

## 6. ACCOUNTS RECEIVABLE

GPL has committed to a 30-day cash collection cycle. It reported that its actual cash collection cycle for the year under review was 22 days.

**This standard was achieved.**

## 7. SYSTEM LOSSES

This standard sets system losses which include technical and non-technical losses at 24.1% of dispatched power for the year 2023. For the reporting period, system losses were recorded at 25.11% of dispatched power.

**This standard was not met.**

GPL in its presentation noted that whilst it had not achieved the target set by the Company over the last three years (2021 to 2023) it recorded a reduction in system losses of 1.36%. This reduction was as a result of the replacement of 43,128 meters with the advanced metering infrastructure (AMI) meters and the continuous upgrade of its network. Further, the Company noted that the recorded system losses for the year 2023 was directly attributable to the increase in electricity generated during the year required to sustain the surge in electricity demand.

## 8. AVERAGE AVAILABILITY

For the year 2023, GPL was required to achieve an average generation availability of 85%. The Company reported that the average generation availability was 83%.

**This standard was not met.**

The Company in its presentation reported that the unavailability of generators was due to faulty crankshaft bearings, delayed arrival of spare parts for repairs, forced outages in generating plants due to transformer trips and failed turbochargers. These all negatively impacted upon the achievement of this target.

## REVIEW OF STANDARDS AND TARGETS NOT ACHIEVED

### (1) Customer Interruptions:

The Commission, in its review of the Company's performance against the standards set for customer interruptions, acknowledged the reasons for increased outages as presented by the Company during the hearing. The Commission also recognized that the unexpected

increases in demand had caused the Company to resort to scheduled power outages in the latter part of the year and that this was the main reason it may not have achieved the set targets. However, the company indicated that the installation of additional generators at its new Columbia generating station should help to alleviate its generation problems.

## **(2) Meter Reading**

The Commission noted with concern that despite the replacement of approximately 80% of the maximum demand meters with the advanced metering infrastructure (AMI) meters, the Company did not improve on its performance in the year 2022, that is, only 92% of the total maximum demand meters were read rather than the target of 97%.

The Company has consistently failed to achieve the standard set for the reading of its maximum demand meters, and it has attributed this non-achievement to the failure of the hand-held devices to extract the meter readings. The Commission is disappointed that the changing out of maximum demand meters did not alleviate the issue of handheld devices failure, which in turn would have resulted in an increase in the number of meters read within the given period.

## **(3) System Losses**

From the inception of the OSPT, the Commission repeatedly registered its concern regarding the high level of system losses recorded by the Company, which losses continue to pose a significant threat to the Company's financial stability. The increase in system losses of 0.19% from the year 2022 to 2023, reinforces the urgent need for continued significant infrastructural investment to substantially reduce both its technical and non-technical losses.

## **(4) Average Availability**

The Commission has noted the failure of GPL's generating capacity to meet the ever-increasing consumers' demand for electricity. This increasing demand for power is compounded by the aging infrastructure of the Company's generating plants. The aging plants are subject to more unplanned outages leading to longer periods where generating plants are offline and as a consequence impacts upon the availability of adequate power supply to the grid. Additionally, during the reported period the Company's generating capacity was insufficient to meet the growing demand in the country.



The Commission, however, acknowledges the Company's efforts to increase its generation capacity to meet the consumer demand by purchasing additional generators for its grid. The Company's emphasis is also now on integrating the proposed gas-to-energy plant to its grid and there is now an expectation that the achievement of this benchmark will be realized. Nonetheless, the Commission is duty bound to impress upon GPL that it is imperative that the Company implements interim alternatives to address the escalating electricity demand in Guyana.

### **DECISION**


The Commission herein signals its concern that GPL has failed to meet most of its operating standards and performance targets for the period under review. Particularly disconcerting is the failure to meet the customer interruptions standard. Whilst the Commission acknowledges the reasons provided by the Company for this failure, it strongly recommends that the Company re-examines its planning and forecasting methods.

It is worthy of note that although the Company's system losses increased minimally by 0.19% from 24.92% in 2022 to 25.11% in 2023, this translates to a significant financial loss. The Commission urges the Company to carry out an urgent reassessment of the system losses programs. This review is crucial to minimize future losses, especially given the rising demand for electricity in the country.


Another concern of the Commission is the Company's constant excuse regarding its failure to achieve maximum demand meter reading targets due to handheld device failures, despite an increase in the installation of advanced metering infrastructure (AMI) meters. This needs to be urgently corrected.


The Commission however, applauds GPL's initiative to launch a pilot project which will give information on the voltage being supplied to its customers. As this pilot project progresses across its distribution networks, the Commission is optimistic that the company will be in a position to correct the voltage fluctuations experienced by consumers in many of the areas under its jurisdiction.

After careful deliberation, notwithstanding GPL's failure to achieve standards as set for Customer Interruptions, Meter Reading, Accounts Payable, System Losses and Average Availability, the Commission will refrain from imposing a penalty at this time. However, the Commission directs that GPL submits quarterly reports to the Commission on the pilot project as it relates to the Voltage Regulation standard and its rollout of its advance metering infrastructure (AMI) meters with detailed reports on successes, lessons learnt and deficiencies where applicable.

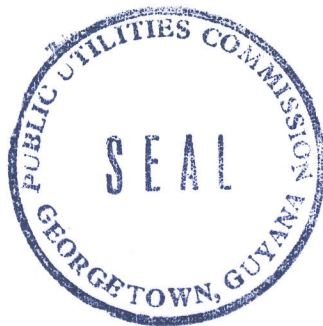
  
Dela Britton  
CHAIRMAN

  
Maurice Solomon  
COMMISSIONER

  
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Dated this the 29<sup>th</sup> day of April 2024.