

PUBLIC UTILITIES COMMISSION

ORDER NO 1/2025

In the matter of the Public Utilities Commission review of the Guyana Power and Light Inc. (GPL) Operating Standards and Performance Targets for 2024.

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Dr. Nanda Gopaul	- Chairman
Ms. Verlyn Klass	- Commissioner
Mr. Maurice Solomon	- 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
Mr. Bharat Harjohn	- Deputy Chief Executive Officer- Strategic Operations
Ms. Shaun Hamlet	- Divisional Director-Transmission and Distribution
Ms. Rhonda LaFargue	- Divisional Director- Customer Services
Mr. Parsram Persaud	- Divisional Director- Loss Reduction

Guyana Consumers' Association:

Mr. Patrick Dial	- President
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The Licence to supply electricity for public purposes, granted to the Guyana Power and Light Inc. (GPL) on October 1, 1999, was amended on October 4, 2010 to include new regulatory requirements. As a result of this amendment, beginning in 2011, GPL is required to submit its Operating Standards and Performance Targets (OSPTs) to the Minister for approval on both an annual and five-year basis in their Development and Expansion Programme.

Additionally, paragraph 16 of the Licence was amended to stipulate that the OSPT for each one-year period, as outlined in an approved Development and Expansion Programme, shall define the standard and quality of service GPL is required to deliver.

In brief, the OSPT represents the official benchmarks for GPL's service quality and by March 30th the Commission is required to review the Licensee's performance for the previous calendar year and to determine whether the company has failed to meet such targets and standards in any material respect.

The eight standards and targets to be reviewed by the Commission are:

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 Commission is mandated to assess whether GPL has met the established Operating Standards and Performance Targets. In instances where GPL falls short of these standards, the Commission is authorized to impose a financial penalty, not exceeding 25% of the total dividends payable to the company's shareholder(s) for the calendar year in question. When determining whether to impose such a penalty and the amount thereof, the Commission must consider the extent to which the failure has affected GPL's customers.

On the 13th of March 2025 the Commission held its public hearing at Herdsmanston Lodge, Georgetown.

GPL's Operating Standards and Performance Targets for 2024

1. Customer Interruptions:

a. System Average Interruption Frequency Index (SAIFI)

This indicator is used to measure the number of outages an average customer would have experienced for the year under review. GPL set a target of 85 customer interruptions for 2024. However, at the end of the year, customers experienced an average of 123 interruptions. GPL indicated at the hearing that there were several reasons for the non-achievement of this target, which included feeder trips, reduction in generation capacity due to unavailability and planned maintenance of generator sets, public and private sector construction equipment interrupting transmission lines, and an increase in vehicular accidents affecting the transmission and distribution infrastructure. Additionally, the company indicated that transmission pole structures were compromised due to soil erosion.

The company did not meet its target for 2024.

b. System Average Interruption Duration Index (SAIDI)

The intent of this standard is to define an acceptable duration of outages experienced by consumers during the year. The SAIDI target for 2024 was set at 90 hours of power interruptions. At the end of the year, the total duration of outages per customer had reached 122 hours.

The company did not meet its target for 2024.

The Commission, in its review of the Company's performance against their customer interruption standards, acknowledged the reasons for increased outages as presented by the Company during the hearing. It also recognized that GPL was unprepared for the unexpected rise in demand, which was one of the reasons for their poor performance as it relates to customer interruptions.

Additionally, the Commission noted that historically GPL has lacked the ability to invest in network redundancies. As a result, the system remains vulnerable to the vagaries of incidents and accidents involving its transmission and distribution equipment.

2. Voltage Regulation:

Under this standard and in accordance with GPL's OSPT requirements, the company is obligated to maintain a voltage within $\pm 5\%$ of the nominal value under stable conditions and $\pm 10\%$ following system disturbances.

The company increased the number of feeders on which it monitors the voltage performance from one in 2023 to four feeders in 2024, namely, the Onverwagt F4 feeder, Good Hope F3 feeder, New Georgetown F2 feeder and the Vreed-en-Hoop F3 feeder. Itron bridge-type meters have been installed at various intervals along the feeders to record the voltage levels received by consumers. GPL indicated that three out of the five feeders were within the $\pm 5\%$ voltage regulation standard. The two other feeders were not within the voltage regulation standard mainly due to undersized conductors and low voltages of the transformers.

Despite the efforts by the power company, the target was not met.

3. Meter Reading:

Maximum Demand (MD) consumers are mainly commercial and industrial users of electricity who are billed for both demand (KVA) and energy (kWh) usage. Non-maximum demand consumers are residential and small businesses who are billed for their energy (kWh) usage. The 2024 target for meter reading MD meters was 97% and 90% for non-MD meters.

At the public hearing, the company reported that their meter reading performance for the year 2024 was 91% for MD customers and 85% for non-MD customers. GPL failed to achieve these targets for the year. The reason proffered for this failure was that during the year the company initiated an urgent software upgrade for prepaid meters since it was a global requirement which had to be conducted within a specific time frame. Consequently, a diversion of manpower was required to assist in the company's upgrade program and this together with a loss of skilled staffing during the year, impacted on the company's ability to meet the meter reading targets.

The Commission notes with concern that GPL has consistently failed to meet these targets since the review of OSPTs commenced in 2011. The Commission is dissatisfied with GPL's noncompliance and apparent passive approach to these targets.

Further, while the upgrade of prepaid meters commenced in May of 2024, the company has failed to meet its targets in its reporting for the first quarter of the same year. Accurate meter readings are critical to the financial operations of the company, as they impact billings and accounts receivables.

The company has indicated that it anticipates that with the roll out of additional Advanced Metering Infrastructure (AMI) in 2025, remote reading will be enabled on the replaced meters and GPL should be better positioned to meet the targets. The Commission believes that these corrective measures presented at the hearing would be effective in ensuring compliance and ultimately the achievement of these targets in subsequent/succeeding years.

4. Issuing of Bills:

For the year 2024, the target for maximum demand bills was set at 7 days and non-maximum demand bills at 10 days. According to GPL, maximum demand bills were issued within 7 days, and non-maximum demand bills within 8 days after meter readings. This standard was achieved. GPL indicated several measures will be promoted to maintain and improve this target. One such measure is the dispatch of electronic bills via WhatsApp for consumers with a preference for this mode of delivery.

5. Accounts Payable:

This standard requires GPL to settle its debts with creditors within 26 days. GPL reported that on average, it took 35 days to settle its obligations, primarily due to cash flow challenges prompted by issues with the receivable payments. The company indicated that during the year they were assisted with supplemental funding from the Government, but at the end of the year the company still had several outstanding payables which contributed to its inability to achieve the target.

The Commission recognizes that this target was not met and that the company's approach to the retrieval of funds needs to be more stringent to allow for timely settlement and maintenance of a healthy financial position.

6. Accounts Receivable:

GPL is required to ensure bill payments are received within a 30-day period under this standard. GPL has failed to meet this standard as payments were received at an average of 37 days. The company indicated that it took a more consumer friendly stance on disconnections as it relates to residential consumers in the reporting year 2024 due to numerous power outages experienced nationally. GPL indicated the factors that contributed to the standard not being met were the deferred late payments which affected receivables in a timely manner and the late payments of Government allocations.

Upon examining the rationale for the Company's position on collections, it is determined that it may be an acceptable short-term measure of relief to defer the disconnections and collections period for the consumers given the frequency and duration of outages experienced during the year. However, the company may risk creating a precedent that undermines financial discipline through this practice. A more balanced approach enforcing reliable and stricter mechanisms should be utilized to preserve the company's financial integrity and the welfare of consumers.

7. System Losses:

GPL's system loss achievement for the year 2024 was 23.76% compared to the target of 22.2% of the dispatched power. This standard was not met.

The company at the public hearing indicated that the diversion of their work force, towards the prepaid meter upgrade and meter replacement activity affected their loss reduction activities for 2024. Concurrently, the company conducted upgrades to their network infrastructure which included upgrading of distribution conductors and replacing and upgrading of transformers and distribution jumpers to reduce technical losses.

The Commission is of the view that the level of system losses, with its accompanying financial impact, is unacceptable. Whilst the Commission is cognizant of GPL's challenges, especially in relation to the hemorrhaging of its skilled workforce to the oil and gas sector, it does not appear that enough is being done to reduce the level of losses. It is clear that a new approach is required, especially in the area of commercial losses. GPL should (1) assess each factor contributing to these losses, (2) ascertain the necessary interventions required and (3) evaluate and make viable investments that would significantly impact system losses.

8. Average Availability:

For the year 2024, GPL was required to achieve an average generation availability of 85%. The Company reported that the average generation availability was 80%. This standard was therefore not met.

The company stated that the reason for not achieving this target was due to critical maintenance during the year where a total of 51.7 MW of the generating capacity was off grid at various times during the year.

The Commission acknowledges that several generators within the company's fleet have exceeded their expected operational lifespan, thereby necessitating frequent maintenance. Furthermore, the Commission is aware that GPL will not be investing in additional generators at this time, as the company awaits the commissioning of power supply from the Gas-to-Energy project.

Decision

Order 1 of 2025

The Commission has reviewed GPL's submissions and wishes to place on record its disappointment in the power company's inability to meet seven of the eight standards and targets as set out for its 2024 performance in the Development and Expansion Plan for 2024-2028.

Notwithstanding the company's failures, the Commission is of the view that the GPL has articulated several external factors such as reoccurring damage to infrastructure by vehicles and equipment, a global software upgrade and electricity theft which have contributed to the company's failure to meet some of the performance indicators. Further in its submissions to the public, GPL has committed to and has laid out several plans for the achievement of its 2025 targets, these include:

- the operationalization of the Gas to Energy Project which is expected to improve performance especially in areas such as customer interruptions, voltage regulation and average availability;
- construction of 155 kilometers of 230 kilovolt (kV) transmission lines and 209 kilometers of 69 kV transmission lines;
- development of eight (8) substations to facilitate the distribution of power from the Gas to Energy (GTE) Plant located at Wales;


- construction of a 230 kV transmission line crossing the Demerara River, interconnected through substations into the Demerara-Berbice Interconnected System (DBIS);
- the construction of 343 kilometers (km) of distribution feeders to bolster access to electricity for potential new customers;
- the continued roll-out of its Advanced Metering Infrastructure which will provide voltage monitoring, online billing and the tracking of consumer energy consumption;
- the increased access to clean electricity generated by the installation of the aggregated total of 33-Megawatt peak (MWp) of solar PV system in Linden(15 MWp), Anna Regina (8 MWp) and Berbice (10 MWp); and
- the use of instant messaging app for distribution and review of electricity bills

Having regard to all that was heard and noted, and taking into consideration the explanations offered by the officials of GPL, the Commission has determined that it will not impose a penalty on the company but it will continue to closely monitor and scrutinize the quarterly operations of GPL in 2025 with a view to ensuring that there is the required compliance with the standards and targets.

The Commission expects GPL to be cognizant of the high level of performance that is expected of it and to pursue, as it has indicated, its improvement efforts during the year 2025.

Additionally, to better monitor the sector the Commission reminds GPL of its obligations to submit its quarterly reports on the operating standards and performance targets in a timely manner.


Dr. Nanda Gopaul - Chairman


Ms. Verlyn Klass - Commissioner


Mr. Maurice Solomon - Commissioner



Dated this 30th day of April 2025.