Office of Utilities Regulation

CORPORATE BUSINESS PLAN & BUDGET

FY 2015/16 – 2017/18

October 2014
CURRENCY EQUIVALENTS

Exchange Rate Effective April 1, 2015
(As provided in the Budget Call from MOF)

Currency Unit = Jamaican Dollar
US$1.00 = JMD$113.00

FISCAL YEAR
Jamaica: April 1 – March 31

ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AT</td>
<td>Appeals Tribunal</td>
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<tr>
<td>CBA</td>
<td>Cost Benefit Analysis</td>
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<tr>
<td>CC</td>
<td>Citizens Charter</td>
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<tr>
<td>CET</td>
<td>Common External Tariff</td>
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<tr>
<td>CPA</td>
<td>Consumer and Public Affairs</td>
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<tr>
<td>CTO</td>
<td>Commonwealth Telecommunications Organisation</td>
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<tr>
<td>CTU</td>
<td>Caribbean Telecommunications Union</td>
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<tr>
<td>Digicel</td>
<td>Digicel Jamaica Limited</td>
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<tr>
<td>ENUM</td>
<td>Electronic Numbering</td>
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<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
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<tr>
<td>FAAAA</td>
<td>Financial Administration and Audit Act</td>
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<td>FCA</td>
<td>Fair Competition Act</td>
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<tr>
<td>FERC</td>
<td>Federal Energy Regulatory Commission</td>
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<tr>
<td>FTC</td>
<td>Fair Trading Commission</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>IAEA</td>
<td>International Atomic Energy Agency</td>
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<td>IACFA</td>
<td>Independent Advisory Council on Finance and Administration</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IDTT</td>
<td>Inter Disciplinary Transformation Team</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>ITU</td>
<td>International Telecommunications Union</td>
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<tr>
<td>JEP</td>
<td>Jamaica Energy Partners Limited</td>
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<td>JNNP</td>
<td>Jamaica National Numbering Plan</td>
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<tr>
<td>JPS</td>
<td>Jamaica Public Service Company Ltd.</td>
</tr>
<tr>
<td>LAC</td>
<td>Latin America and Caribbean</td>
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<tr>
<td>LIME</td>
<td>Cable and Wireless Jamaica Limited</td>
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<td>LNG</td>
<td>Liquefied Natural Gas</td>
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<td>LSA</td>
<td>Level of Service Agreement</td>
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<tr>
<td>LRIC</td>
<td>Long Run Incremental Cost</td>
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<tr>
<td>MAF</td>
<td>Management Accountability &amp; Governance Framework</td>
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<tr>
<td>MCC</td>
<td>Mobile Country Codes</td>
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<td>MNC</td>
<td>Mobile Network Codes</td>
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<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>MVNO</td>
<td>Mobile Virtual Network Operator</td>
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<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>NANPA</td>
<td>North American Numbering Plan Administration</td>
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<tr>
<td>NARUC</td>
<td>National Association of Regulatory Utility Commissioners</td>
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<td>NEPA</td>
<td>National Environmental and Planning Agency</td>
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<td>NP</td>
<td>Numbering Portability</td>
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<td>NPRM</td>
<td>Notice of Proposed Rule Making</td>
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<tr>
<td>NRUF</td>
<td>Numbering Resource Utilization and Forecast</td>
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<tr>
<td>NRW</td>
<td>Non-Revenue Water</td>
</tr>
<tr>
<td>OOCUR</td>
<td>Organization of Caribbean Utility Regulators</td>
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<tr>
<td>OCG</td>
<td>Office of the Contractor-General</td>
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<td>OPM</td>
<td>Office of the Prime Minister</td>
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<tr>
<td>OUR</td>
<td>Office of Utilities Regulation</td>
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<tr>
<td>PBMA</td>
<td>Public Bodies Management and Accountability Act</td>
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<tr>
<td>PCJ</td>
<td>Petroleum Corporation of Jamaica</td>
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<tr>
<td>PIOJ</td>
<td>Planning Institute of Jamaica</td>
</tr>
<tr>
<td>PMAS</td>
<td>Performance Monitoring &amp; Appraisal System (for employees)</td>
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<tr>
<td>PMES</td>
<td>Performance Monitoring &amp; Evaluation System (for Senior Executives)</td>
</tr>
<tr>
<td>PMEU</td>
<td>Performance Monitoring &amp; Evaluation Unit – Cabinet Office</td>
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<tr>
<td>PPA</td>
<td>Power Purchase Agreement</td>
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<tr>
<td>PSTU</td>
<td>Public Sector Transformation Unit</td>
</tr>
<tr>
<td>RDBMS</td>
<td>Regulatory Database Management System</td>
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<tr>
<td>Responsible Minister</td>
<td>The Minister with portfolio responsibility for a particular regulated utility sector</td>
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<tr>
<td>RIO</td>
<td>Reference Interconnection Offer</td>
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<tr>
<td>RPME</td>
<td>Regulation Policy Monitoring &amp; Enforcement</td>
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<tr>
<td>SOC</td>
<td>Standard Offer Contract</td>
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<tr>
<td>SOP</td>
<td>Standard Operating Procedures</td>
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<tr>
<td>STTO</td>
<td>Secretary to the Office</td>
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<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
</tr>
<tr>
<td>TAT</td>
<td>Telecommunications Appeal Tribunal</td>
</tr>
<tr>
<td>The Office</td>
<td>Director-General and Deputy Directors-General of the Office of Utilities Regulation</td>
</tr>
<tr>
<td>TSLRIC</td>
<td>Total Service Long Run Incremental Cost</td>
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<tr>
<td>UDDP</td>
<td>Uniform Domestic Dialling Plan</td>
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<tr>
<td>URI</td>
<td>Uniform Resource Identifier</td>
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<tr>
<td>USTDA</td>
<td>United States Trade and Development Agency</td>
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<tr>
<td>UWI</td>
<td>University of the West Indies</td>
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<tr>
<td>WRA</td>
<td>Water Resources Authority</td>
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FOREWORD BY THE DIRECTOR-GENERAL

(This will be added in the final version).
EXECUTIVE SUMMARY

This Business Plan has been prepared in accordance with the Cabinet-approved Accountability Framework for Senior Executives and the Performance Monitoring & Evaluation System (PMES). The objectives of this Plan are to:

- enable the Director-General to effectively manage the OUR in both the short and long term;
- provide the basis for the establishment of a contract for the performance and the agreed deliverables;
- define what the Office needs from its stakeholders in terms of mandate, capital investment and new authorisations;
- communicate the results of the Office’s planning process and to provide a reference point for the Director-General and the Management Team; and
- indicate to stakeholders the programme of work to which the Office is committed and the implications thereof for their own time and resources.

The Business Plan provides the Prime Minister (who has administrative responsibility for the OUR), the Ministers with responsibility for the various regulated sectors, the utilities, other stakeholders and members of the public with assurances that the OUR:

- has a defined direction;
- is dealing efficiently with all of the regulatory and administrative issues in the best interest of the public; and
- is managing its affairs and resources so as to minimize the risk of not meeting agreed performance levels and timeframes.

It also provides both the internal and external stakeholders with an outline of the programme of work and a measure by which the OUR can be held accountable for the work it pursues over the Business Plan period.

The Business Plan provides:

- the Office’s operating vision outlining the focus and the timetable to deliver on its work programme for the three (3) year period 2015/16 to 2017/18;
- a review of the work of the OUR over the past fiscal year (2014/15); and
- the strategies for delivering on the agreed plan, and how it will measure progress.

This Business Plan is consistent with the ten (10) Management Accountability & Governance Framework (MAF) components outlined by the Public Sector Transformation Unit (PSTU) for entities targeted for Full Devolution and De-concentration of Authority. It includes financial and operational targets and commitments, supported by the established performance indicators and the time frames for realizing them.

The implementation of Full Devolution and De-concentration of Authority appears to have been delayed. However, the OUR has completed a number of activities which will ensure that the organisation is ready to be accorded the full devolution status when the decision for implementation is taken. This will be coordinated by the OUR’s Interdisciplinary Transformation Team (IDTT) comprising of a cross section of staff.
The OUR is well on the way to becoming ISO 9001:2008 certified. The organization has undertaken a comprehensive review of its systems to identify areas for improvement and sensitization of its staff members to enable the transformation.

There are two contextual considerations for the development of the Business Plan viz: (i) the OUR’s selection as one of the entities recommended for Full Devolution and De-concentration of Authority; and (ii) the explicit alignment of its activities with the Government’s “Vision 2030 Jamaica, National Development Plan” (Vision 2030).

The Business Plan prescribes a set of activities designed to fulfil the OUR’s mandate under statute and the proposed MAF consistent with the Vision 2030. The objectives of OUR’s Policies and Programmes are to:

- assure availability, security, reliability and quality of prescribed utility services at economic prices;
- establish and maintain transparent, consistent and objective rules and standards to regulate the providers of prescribed utility services while fully protecting the public interest;
- enhance efficient utility operations and provide a predictable and enabling environment conducive to promoting private sector investments and sustainable economic and social development;
- develop and maintain a comprehensive information database to facilitate research and analytic capacities; ensure high quality policy options, programme design and advice to the policy makers; and
- align regulations, directives, and processes with legislation and policy mandates.

In its own internal operations, corporate structures and management, the OUR is committed to:

- providing a clean and safe environment; facilitating staff development; fostering an environment of fairness and trust; encouraging employees’ participation in the development of procedural documents;
- the executive team clearly defining the corporate context and practices for proactively managing organizational and strategic risks;
- ensuring that the departmental control regime (assets, money, people, services, etc.) is integrated and effective, and its underlying principles are clear to all staff;
- introducing a quality management system, and seeking ISO 9001:2008 certification; and
- ensuring that accountabilities for results are clearly defined, assigned and consistent with resources, and delegations are appropriate to capabilities, and incorporating Regulatory Impact Analysis (RIA) into its evaluation process.

The Business Plan is structured as follows:

- **Chapter 1** sets out the OUR’s mandate; legislation; Mission Statement; Vision; Strategic objectives and Strategy Map.

- **Chapter 2** outlines the organization’s framework for the fiscal years 2015/16 – 2017/18.

- **Chapter 3** provides a review of the work done during the current fiscal year 2014/2015, highlighting the achievements and any other work done in response to requests that had significant results for the various
It also discusses the organisational structure and internal arrangements. Additionally, it discusses unplanned activities, and indicates how some of these took precedence over and affected planned activities.

- **Chapter 4** sets out the OUR’s work-plan and deliverables for the three-year period 2015/16 – 2017/18.
- **Chapter 5** provides commentary and explanations for the budget for 2015/16.
- **Chapter 6** contains the summary and conclusions.
1. OUR’s MANDATE

The Legislation

1.1. The Office of Utilities Regulation Act (the OUR Act) is the umbrella legislation which establishes the organization and sets out its functions and responsibilities in respect of the sectors it regulates. Section 4 (1) of the OUR Act sets out that the functions of the Office shall be to:

a) “regulate the provision of prescribed utility services by licensees or specified organizations;

b) receive and process applications for a licence to provide a prescribed utility service and make such recommendations to the Minister in relation to the application as the Office considers necessary or desirable;

c) conduct such research as it thinks necessary or desirable for the purposes of the performance of its functions under this Act;

d) advise the responsible Minister on such matters relating to the prescribed utility service as it thinks fit or as may be requested by that Minister; and

e) subject to section 8A, carry out, on its own initiative or at the request of any person, such investigations in relation to the provision of prescribed utility services as will enable it to determine whether the interests of consumers are adequately protected”.

1.2. Section 4 (3) of the OUR Act, provides for the Office, in the performance of its functions under the OUR Act, to undertake such measures as it considers necessary or desirable to:

a) “encourage competition in the provision of prescribed utility services;

b) protect the interests of consumers in relation to the supply of a prescribed utility service;

c) encourage the development and use of indigenous resources; and

d) promote and encourage the development of modern and efficient utility services;

e) enquire into the nature and extent of the prescribed utility services provided by a licensee or specified organization”.

1.3. Schedule 1 of the OUR Act as amended by the Office of Utilities Regulation (Amendment of the First Schedule to the Act) Order, 2014 defines prescribed utility services (the services over which the OUR exercises regulatory responsibility) as:

i. “The provision of telecommunication services.

ii. The provision of sewerage services.

iii. The generation, transmission, distribution and supply of electricity.

iv. The supply or distribution of water.”

1.4. In addition to the provisions of the OUR Act there are sector specific legislation and instruments such as the Telecommunications Act and licences such as the Amended and Restated All-Island Electric Licence, 2011 granted to the Jamaica Public Service Company Limited (JPS), which contain specific
provisions, consistent with the principles elaborated in the OUR Act, as to the Office’s functions in the particular sector and/or its relationship to the service provider.

1.5. In delivering on its mandate, the OUR operates at all times in a manner which is characterized by fairness, timeliness, efficiency, transparency, attention to detail and independence. It adopts regulatory interventions that are the least intrusive but designed to ensure a balance in the relationships between all stakeholders. As part of its modus operandi, it consults widely and assesses the impact of its proposed action on all stakeholders before issuing regulatory determinations.

1.6. All of this is underpinned by a philosophy that the regulator has a duty to operate in the public interest.

1.7. The OUR, in discharging its statutory functions is required to pay due regard to Government policy. The Government has set out its development policy objectives and directions in the Vision 2030. The following objectives are particularly relevant to the OUR’s remit:

- to have an enabling business environment;
- development of a modernized public transportation system;
- strong economic infrastructure;
- expansion of broadband networks island-wide to all including those with disabilities;
- ensuring adequate and safe water supply and sanitation services;
- diversification of the energy supply mix;
- promotion of energy efficiency, efficient energy supply systems and conservation; and

The OUR’s proposed work programme is designed to achieve the above objectives.

Mission Statement

1.8. “OUR contributes to national development by enabling consumer access to reliable, affordable and quality utility services while ensuring that service providers have the opportunity to make a reasonable return on their investment.”

Vision

1.9. “In 2020 OUR, a visionary, purpose-driven and customer-focused employer of choice; has enabled Jamaica to rank as the # 1 country in the LAC Region in utility consumer protection and satisfaction as well as the coverage, affordability and provider performance of all regulated utilities.”

Strategic Objectives

1.10. In the context of Vision 2030, the key objectives of the OUR are to:

- ensure that the consumers of utility services enjoy an acceptable and secure quality of service at reasonable economic cost and to align the private behaviour with public interest;
- establish and maintain transparent, consistent and objective rules for the regulation of utility service providers;
- promote the long-term efficient provision of utility services for national development consistent with Government’s policy, in order to assure security, availability and quality of service;
• provide an avenue of appeal for customers in their relationship with the utility service providers;
• work with other related agencies in the promotion of a sustainable environment;
• monitor and assure the supply of quality service by providers;
• act independently and impartially; and
• provide a healthy, safe and dynamic organization which will allow for satisfied and productive employees.

Strategic Planning, Reorientation and Restructuring

1.11. The OUR has sought to identify the key outputs, outcomes and the impact of its programmes in a strategic map (see below). This map shows how the OUR intends to realise its objectives through its various programmes, the details of which are set out in the following chapters of this Plan.

1.12. The strategic planning exercise is part of a wider re-definition and re-prioritisation of the goals of the OUR. This is to be accompanied by a restructuring of the organisation, the planned introduction of the balanced scorecard evaluation system, the entrenchment of a quality management system, and the concomitant achievement of ISO 9001:2008 certification.
Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

1.13. This analysis seeks to categorize significant internal (Strengths and Weaknesses) and external (Opportunities and Threats) factors identified by the staff of OUR. It provides information that is helpful in matching the firms' resources and capabilities to the competitive environment in which it operates and is therefore an important contribution to the strategic planning process.

1.14. It should not be viewed as a static method with emphasis solely on its output, but will be used as a dynamic part of the OUR’s management and business development processes.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
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<tbody>
<tr>
<td>Strong Knowledge Base</td>
<td>Poor Communication</td>
<td>Ability to influence National Policy</td>
<td>External attempts to influence decisions.</td>
</tr>
<tr>
<td>Model Regulatory Organization</td>
<td>Reactive Orientation</td>
<td>Implementing Policies and Procedures to improve services to Stakeholders</td>
<td>Government Policies and Priorities which conflict with the OUR’s Mandate.</td>
</tr>
<tr>
<td>National Relevance</td>
<td>Lack of Enforcement Powers</td>
<td>Training and cross-training opportunities (increase knowledge and job satisfaction)</td>
<td>Domestic, international, and economic environment.</td>
</tr>
<tr>
<td>Good International Reputation</td>
<td>Poor Time Management</td>
<td>Improved Customer Service</td>
<td>External restrictions</td>
</tr>
<tr>
<td>Reasonable Availability of Resources (human, technological, financial)</td>
<td>Document Management</td>
<td>Share knowledge and Integration with other Agencies</td>
<td>Public perception of the OUR</td>
</tr>
<tr>
<td>Staff Welfare – Health and Wellness Benefit</td>
<td>Insufficient Documented Policies, Procedures and Work Instructions</td>
<td>To ensure the delivery of reliable and affordable services.</td>
<td>Deficient legislation</td>
</tr>
<tr>
<td>Strong relationships and Team synergy</td>
<td>Limited opportunities for upward mobility given the flat organization structure</td>
<td>Better use of technology to enable a more efficient organization</td>
<td>Legal challenges to Rules, Decisions and Determinations</td>
</tr>
<tr>
<td>Good working environment – Facilitates the building of institutional capacity</td>
<td>Information Asymmetry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery of sound regulatory Decisions</td>
<td>Customer service (Internally and externally)</td>
<td></td>
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</table>

1.15. Arising out of the SWOT analysis, the consensus was that in the medium to long term, the OUR should be a world class regulator that is:

- Independent;
- Aware of stakeholder needs;
- Contributing to national development;
- Efficient and effective; and
• Supported by well-trained and motivated staff.

The OUR will therefore be taking measures to improve on areas of weaknesses, making use of opportunities, and encouraging the strengths within. This will be elaborated on in subsequent plans.

2.1. The Vision 2030 sums up the overall vision for Jamaica in the following phrase: “Jamaica, the place of choice to live, work, raise families and do business”

2.2. The OUR will continue to work, in its mandated area, towards the achievement of the goals of the Vision 2030 by aligning private behaviour with the public interest across the various utility services it regulates. In this regard, it will continue to monitor and regulate service providers closely to ensure the delivery of superior quality and efficient customer service. The function of Monitoring and Enforcement has been established under the Regulations, Policy, Monitoring and Enforcement Department. This will create and share databases reflecting key performance indicators (KPIs) and operational benchmarks for utility services, and monitor conformance to these KPIs benchmarks. Non-compliance with established benchmarks will be subject to appropriate sanction and penalties.

2.3. For information, communication and telecommunications services, the imperative continues to be: the deployment of broadband and promoting access to it for the benefit of all citizens, including those with disabilities, and to strengthen competition in the various markets; to facilitate efficient numbering systems in use; the development of efficient cross network connectivity; to enhance competition by way of efficient pricing and to reduce the time-loss and expenses of resolving disputes.

2.4. For electricity, the critical emphasis is on: the reduction of the cost of electricity to customers while ensuring that there continues to be security of supply and improvements in reliability, quality and efficiency of service, without compromising statutory requirements and at the same time preserving the environment; promoting energy diversity and enhancing competition subject to constraints of law and policy.

2.5. Important initiatives in these regards are: Cabinet has established an Electricity Sector Enterprise Team (ESET) to oversee additional base load capacity and replacement/reconditioning of old generating systems. Energy losses will continue to be addressed in an aggressive manner and the initiative to introduce wheeling is still an imperative. The two-year pilot phase of the SOC was completed at the end of the 2013/14 FY. The OUR will conduct a review of the SOC pilot phase and its implementation in order to set rules for the industry going forward. The OUR will continue to play a leading role in efforts to increase the share of energy from renewable sources in the national energy mix, in accordance with the National Energy Policy. Consistent with this, it will monitor the implementation of the 78 MW that resulted from the 115 MW of Renewable Energy solicitation.

2.6. For water and sewerage, the focus will be: the access to affordable potable water, expanded and integrated sewerage services, significant reductions in water losses from the current level of over 65%, and the continued expansion of the services. An important element of this is to reduce NRW, and to improve efficiencies in the delivery process. NWC has been enabled through the ‘K-Factor’ Fund to carry out repairs and replacement of infrastructure and undertake other capital projects aimed at reducing NRW and energy costs. The review of NWC’s tariff in the 2013/2014 period established parameters that are aimed at improving the performance of the NWC over the five-year tariff period. The Office decisions contained in the Determination Notice Determination will be carefully monitored to ensure successful implementation. The OUR will also conduct an audit of the K-Factor programme so as to assess its impact and overall effectiveness and efficiency.
2.7. The OUR maintains that there is a diverse range of issues between the different utilities, but there is a commonality of regulatory principles in terms of:

- ensuring least economic cost and affordability;
- fostering competition;
- ensuring transparency, equity and fairness in regulation;
- providing an enabling and secure environment to encourage investments in the provision of utility services;
- driving service quality, improving reliability, availability and security of supply of services;
- promoting access for all including those with disabilities;
- encouraging best practices and state of the art technology;
- promoting measures to encourage conservation and supply/demand side management;
- environmental protection;
- network and cyber security and safety;
- optimization of the use of scarce public resources; and
- utilities convergence to reduce the cost of new and existing infrastructure as well as the total cost of regulation.

2.8. Accurate billing, security of the networks and the need to drive the use and application of smart technology will remain central to the OUR’s public interest focus.

The Office

2.9. The statutory appointees to the Office are the Director General and Deputy Directors General. At present, three appointees constitute the Office: Albert Gordon - Director General; Maurice Charvis - Deputy Director General; and Hopeton Heron – Deputy Director General.

Department of Secretary to the Office (STTO)

2.10. The Department of the STTO is central to the operations of the OUR, and to the achievement of organisation’s strategic objectives to be transparent, accountable, to contribute to national development, and to provide value for money. It is responsible for the functioning of the decision making processes, for compliance with internal and external procedures, and for ensuring that the organisation operates in an effective and efficient manner. It is the interface between the Office and its internal and external stakeholders. The Secretary to the Office sets the regulatory agenda in consultation with the Director-General, and ensures that matters before the Office are dealt with expeditiously.

2.11. The STTO assists the Office with the development and articulation of its strategies and policies, and in the effective governance of the OUR. It co-ordinates the preparation of the Management Accountability and Governance Framework and the Corporate Business Plan; and plays a major role in the preparation of the Annual Report.

2.12. As part of its responsibilities in the areas of effective governance and compliance, the STTO Department monitors the implementation of the work programmes, and the timelines, as set out in the Corporate Plan, and also the various agreed departmental goals; and keeps the Office informed of the current status of these programmes and goals. It also reports on a regular basis to the Government, through the
2.13. The STTO Department is responsible for the licence processing functions of the OUR, including the coordination of the due diligence process for licence applications, the maintenance of a comprehensive database, a current public register of applications for licences, and the status of licences issued. The Department will also undertake some aspects of monitoring of licensees.

2.14. The STTO manages the OUR’s international relations with other regulators and institutions. The Department also coordinates the technical and administrative inputs for the effective execution of projects involving the OUR which are funded through grants from international funding agencies.

Objective

2.15. To ensure that the Office, in its execution of the OUR’s strategy, is guided by well-defined and clearly articulated strategic thinking, observes due process, makes decisions in a transparent and timely manner, follows standard procedures, maintains good relations with all stakeholders, and makes available to the public, accurate and complete records of decisions.

General Activities

2.16. The following are the general activities of the STTO:

- maintaining the Office’s schedule;
- attending meetings of the Office, and monitoring and driving the enforcement of decisions;
- developing rules of procedure (in consultation with the General Counsel) for the conduct of the affairs of the Office;
- drafting and issuing correspondence, position papers, presentations, etc. on behalf of the Office;
- managing the licensing process, and maintaining the licensing records and register;
- initiating enforcement actions for breaches of licences, directives, orders, etc.;
- co-ordinating the preparation and submission of quarterly and other periodic statutory reports;
- co-ordinating the development and presentation of the Management Accountability and Governance Framework and Corporate Business Plan and Budget, and the preparation of material for annual reports;
- monitoring the departments’ compliance with targets set out in the Corporate Business Plan;
- maintaining correspondence with external parties and stakeholders;
- developing project applications and negotiating project terms;
- representing the OUR in various fora both locally and internationally; and
- playing its part in the implementation of a Quality Management System in the OUR, together with ISO 9001:2008 certification.
Office of the General Counsel (Legal Department)

2.17. This Department provides legal support in the development of the regulatory framework, the establishment of rules of procedure and the drafting of decisions issued by the OUR. It seeks to operate in a manner which minimizes the likelihood of challenges and ensures successful judicial review of OUR’s decisions. The Department is required to respond to all legal challenges to the OUR’s decisions and, where necessary, to engage and manage the services of external legal counsel.

Objective

2.18. To develop, maintain and enforce the legal framework of the OUR and to secure an enabling environment for the efficient functioning of utilities through a framework of rules that lend predictability to the OUR’s decisions.

General Activities

2.19. The General Counsel’s Department is engaged in the following activities:

- ensuring that the OUR observes due process and complies with all legal requirements in discharging its functions;
- the review of consultative documents, Office determinations and other regulatory instruments and contracts for works, goods and services;
- the conduct of investigations into allegations of breaches of the relevant legislation and/or regulatory instruments, including preparing the Office to conduct hearings;
- the update and maintenance of the Rules of Practice and Procedure of the OUR;
- the review and maintenance of the relevance of the Code of Ethics;
- the preparation of instructions and briefs to external counsel in connection with litigation and other legal processes before the courts and quasi-judicial tribunals;
- the preparation and issuance of enforcement orders and referral to the courts of relevant matters;
- the preparation of matters to be heard by the appeals tribunals established under the Telecommunications Act and various licences;
- the preparation of legal opinions and advice to internal Departments;
- the preparation of correspondence of legal significance for the OUR; and
- interfacing with external stakeholders to protect the OUR’s legal position.

Regulation, Policy, Monitoring and Enforcement (RPME) Department

2.20. The RPME Department’s primary function is to advise the Office on regulatory policy, to analyse, monitor and evaluate the economic, financial and technical performance of all regulated utilities and sectors and to assess the extent of competition where applicable. It has responsibility to develop tariff models, recommend tariffs and commission a range of technical functions to advise the Office. It also has responsibility to monitor the performance of utilities against agreed benchmarks and enforce compliance.
Objective

2.21. To provide the Office with such economic and technical advice as to ensure that consumers of utility services enjoy acceptable quality of service at least economic cost, and to ensure security of timely service for the future.

Strategy

2.22. The RPME Department discharges its functions through a combination of financial, economic and technical analyses of the regulated entities, benchmarking of the service providers against comparable organisations internationally. It also commissions as needed, regular surveys of the state of competition in the various sectors. The Utility Monitoring Unit has primary responsibility for ensuring regulated entities are compliant with Office Directives, relevant legislation, licence conditions and tariff requirements as well as KPIs. Its activities provide the Office with on-going assessments of its regulatory effectiveness. The RPME Department also has responsibility for ensuring the incorporation of Regulatory Impact Assessments (RIAs) into regulatory decisions.

2.23. The programmes listed in the work plan will either be continued from the previous fiscal year or are to be launched in the 2015/16 fiscal year.

General Activities

2.24. The RPME Department, among other things:

- commissions analyses of rate applications and makes recommendations to the Office;
- provides policy advice to the Office and, through the Office, to the Government when so required;
- provides the Office with technical and economic advice on matters of dispute between competing utilities;
- commissions research on all aspects of utilities regulation;
- commissions market and competition analyses;
- produces and publishes various documents (consultative documents, notice of proposed rulemaking, position papers, working papers, policy advisories, determination notices, etc.) critical to the regulatory process;
- engages with overseas counterparts for purposes of information exchange, provides assistance and collaboration on regulatory matters;
- represents the Office at various international fora;
- monitors utility projects through progress reports etc.;
- monitors service standards through reporting and customer feedback, surveys, etc.;
- produces regular Regulatory Impact Assessments;
- commissions periodic audits of specific functions of the utilities;
- prepares policy papers and recommendations to the Office; and
- maintains communication with service providers on actions/strategies with respect to projects and other regulatory undertakings.
Consumer and Public Affairs (CPA) Department

2.25. This Department incorporates consumer affairs, communication services and the Information Centre. It also liaises with, and provides technical support to the work of the Consumer Advisory Committee on Utilities (CACU), an independent advocacy group whose operations are facilitated by the OUR.

2.26. CPA administers the consumer affairs regulatory function of the OUR. It educates consumers on their rights, and investigates decisions made by the utility companies on consumer complaints with which the consumers remain dissatisfied. The Department is responsible for developing quality of service and customer service standards. CPA is responsible for the OUR’s records and documents management system. The OUR’s Information Centre (OURIC) is managed by the CPA. Apart from providing vital resources for the staff, the OURIC is also open to the public, and it is through this medium that the Office’s obligations under the Access to Information Act are discharged. The CPA also has the critical function of managing the content of the Office’s website.

Objectives

2.27. CPA is guided by the following objectives to:

- ensure that the perspective of consumers and public interest are considered in all regulatory decisions and determinations;
- ensure that customers of the utility companies enjoy acceptable quality of service at economic cost, and are assured of secure and timely supplies;
- provide an avenue of appeal for consumers in their relationship with the utility service providers;
- inform and educate consumers and the general public; and
- highlight the work of the OUR and to maintain a positive public image.

Strategies

- Monitoring and survey of consumers to detect concerns and emerging problems;
- Institution of mechanisms for feedback;
- Monitor the performance of the service providers against the established service level agreements;
- Managing media relations; and
- Public education and stakeholder engagement.

General Activities

2.28. The CPA Department uses as a primary input to its policy development and advice to the OUR, the results of analyses of appeals received from customers in regard to the services provided by the companies. Feedback from consumers who attend consultations and other events is also utilised in the development of policies. The CPA Department commissions a consumer survey every two years which seeks consumers’ feedback on a range of consumer issues and measures utilities’ consumer satisfaction. It pursues a programme of public education and consultation via diverse media.
Human Resources Development/Administration Department

2.29. This Department provides administrative and human resources support to the OUR and is also responsible for training and procurement.

2.30. A multi-sector regulatory body such as the OUR must identify training and development opportunities for its personnel who are required to perform highly complex and technical duties, and compete against the best that the regulated companies have to offer. Utility regulation is a highly technical, specialized and exclusive vocation, hence the need to provide the OUR’s professional staff with on-going training offered by internationally recognized training institutions. This imperative is reflected in the allocation of significant budget resources to this function.

2.31. This Department ensures that the OUR is organised and that administrative functions are performed smoothly and efficiently. The Department also manages staff recruitment and performance evaluation using modern techniques.

2.32. The Department also has responsibility for managing and reporting on procurement, particularly with regard to compliance with Government of Jamaica requirements. This is a critical function, given the need to ensure transparency, strict adherence to the Government of Jamaica Handbook of Public Sector Procurement Procedures. In preparation for ISO 9001:2008 certification, the Department has updated and will maintain standard operational and procurement procedures that will complement the public sector rules and procedures.

Finance Department

2.33. The Department directs, coordinates, monitors and controls the accounting and financial operations of the OUR in accordance with Government of Jamaica regulations and directives, the Laws of Jamaica, and International Accounting Standards.

Objectives

2.34. To direct the financial management functions of the OUR ensuring effective planning and utilisation of financial resources. In carrying out the objective the Department will:

- prepare the annual budget and monitor performance against the budgeted allocations;
- prepare and analyse monthly, quarterly and annual financial statements;
- conduct treasury management functions, ensuring a balanced portfolio;
- establish the regulatory fees for each regulated entity;
- ensure sound cash management;
- manage human resources so as to optimise performance;
- ensure a robust quality management system is maintained in the Department;
- ensure that there is cost control;
- ensure compliance with statutory requirements, in particular, the provisions of the Public Bodies Management and Accountability Act (PBMA), and the Financial Administration and Audit Act (FAAA);
- ensure that all financial records pertaining to externally funded projects are carefully documented, and that disbursement requests are settled in a timely manner;
organise and prepare accounts for annual audit;
address any other matters likely to affect the financial well-being of the OUR; and
update and maintain procedures for financial accountability.

2.35. The Financial Controller’s role is critical to budget preparation and monitoring, cost management and ensuring maximum delivery of services for regulatory dollars. Additional responsibilities and duties performed by this Department include negotiating group health insurance and administering the group pension plan and the staff loan facility.

Information Technology (IT) Department

2.36. The IT Department is pivotal to the successful execution of all activities in the work programme. The Department’s work planning process examines plans and priorities for the use and delivery of information technology in support of each three year work plan of the OUR. As a support, IT Department has focused on delivering fast, accurate, secure information with a minimum of downtime. This, among other things, includes the development and maintenance of a comprehensive relational database system to allow an efficient discharge of OUR’s responsibilities.

2.37. The OUR relies on this Department to:

- obtain and maintain standardised information from all service providers in the form of a Regulatory Management System which is secure, scalable and easily accessible;
- leverage technology to improve turnaround time and deliver service cost-effectively;
- provide real time information and cutting edge research; and
- deliver a suite of services electronically.

2.38. The IT Department will achieve this through the integrated Regulatory Management System (targeted areas include: Business Intelligence/Data Analytics; Stakeholder Management; Electronic Filing; Geographical Information; Library and Record Management; Automation of office systems and Online/Mobile Applications), training and investment in relevant hardware and software. The IT Department will continue the process of ensuring that there is a greater technology culture throughout the organization.
3. STATUS REPORT AND REVIEW OF ACTIVITIES in 2014/2015

3.1. With the exception of transportation, there were and continue to be, major activities in all the sectors regulated by the OUR during Fiscal Year 2014/2015. OUR Act was amended by the Office of Utilities Regulation (Amendment of First Schedule to the Act) Order, 2014, which removed “The provision of public passenger transportation by road, rail or ferry” from the Office of Utilities Regulation Act. A number of unforeseeable demands made it necessary to adjust timetables and re-deploy resources. Despite this, the work-plan for the fiscal year remains substantially on track.

3.2. It was an active year for the electricity sector. Some of the major projects are listed below.

3.2.1. **Generation Expansion** - The initial procurement process that was embarked on in 2011 for 480 MW of electricity generating capacity officially came to an end at January 2013 having exhausted the formal procurement process, but the programme for additional capacity continued under a second initiative.

3.2.2. Azurest/Cambridge was initially named the preferred bidder but failed to produce the required bid security by the date allowed. The next bidder in line was Energy World International (EWI) who was then selected as the preferred bidder. JPS and EWI executed a Power Purchase Agreement in January 2014. The Capacity agreed is for 381 MW of base load capacity using natural gas as fuel. OUR sent the recommendation for the issuance of a licence to the responsible Minister in charge of energy on March 26, 2014. The recommended licence was issued on April 4, 2014. This meant that the Performance Bond was due by April 14, 2014. However, the Minister subsequently issued an Amended Licence on April 14, 2014 along with an Implementation Agreement between the Government of Jamaica and EWI. This caused a reset of the due date for the Performance Bond to April 24, 2014.

3.2.3. The Performance Bond was not submitted to the OUR by that date. The OUR by way of letter dated April 30, 2014 advised the Minister of the non-payment of the Bond and advised that he would need to address this matter before the OUR could proceed further.

3.2.4. EWI’s licence was subsequently revoked by the Minister as the company failed to show good reasons why its license should not be revoked. The Government of Jamaica has now established a body to carry out the procurement of the required Base Load Generation.

3.2.5. **Generation, Transmission & Distribution Codes** - The Generation Code was completed and posted during the review period. The Transmission and Distribution Codes are still in draft. However, as the resources required to finalise the document were reallocated to the 115 MW renewables project and to review the proposals for Base Load generating capacity, it is anticipated that the documents will be completed within fiscal year 2014/15.

3.2.6. **Net Billing Arrangement** – At the time of writing there are approximately two hundred and four (204) customers with net billing licences. One hundred of these have signed Standard Offer Contracts, with one hundred connected to the grid.

3.3. As expected for the water sector, the monitoring activities required for the ‘K-Factor’ Fund have become a significant call on the OUR’s resources. At the same time, efforts have continued to ensure that the
The corporate business plan and budget for fiscal years 2015–2018 is essential for guiding the strategic direction of the organization. The regulatory environment remains conducive to the survival and expansion of private water provisioning where feasible.

3.4. The Regulation, Policy, Monitoring and Enforcement (RPME) Department is tasked with leading most of the activities to ensure that the various projects identified in the work-plan are successfully completed. The following constitutes a status report on the various projects and activities, the major achievements and the variations in the schedule for fiscal year 2014/15.

**The Telecommunications Sector**

3.5. The telecommunications sector remains dynamic. The major companies continue to demonstrate confidence in the future of the sector. Jamaica therefore continues to hold its own in terms of the enhancement of its information technology and telecommunications infrastructure although there has been some slippage in the country’s international ranking on the Information and Communication Technology (ICT) index. This, the OUR attributes largely to the fact that broadband take up remains relatively low, reported prices are still relatively high and Jamaica does not have a mechanism for the systematic collection of non-telecommunications ICT data.

3.6. Although the country has been enjoying over 100% tele-density for fixed and mobile lines for some years now, there are still persons lacking access either by virtue of economics or geographical remoteness. There continues to be the need for some form of universal service tailored specifically to meet these needs.

3.7. An ICT Policy was tabled in Parliament as a White Paper during April 2011. The OUR stated in the last Business Plan that it anticipated the drafting of an ICT Bill in 2012. At the time of writing this was not done. The OUR hopes that the drafting of this Bill will take place in 2015.

**Sector activities completed or on schedule for completion in 2014/2015.**

3.8. **Number Portability (NP) (Rules):** Further to the amendments to the Telecommunications Act 2012. The matter is now primarily the responsibility of the Ministry of Science, Technology, Energy and Mining (MSTEM) with the OUR providing advice. The OUR also provides support through a stakeholder working group established by Minister to propose rules and address solution procurement and implementation issues for number portability, and is represented on the three sub-committees (Business & Commercial, Legal & Regulatory, and Technical) empanelled by the working group. The Telecommunications Act (Number Portability) Rules, 2014 which sets out the overarching legal framework has been promulgated. Also, substantial work has been completed on the development of the NP Business Rules and Code of Practice for NP Regulatory Framework, terms and conditions for NP Administrator Licence technical specifications. Further to a Directive from the responsible Minister, the OUR On October 1, 2014 has invited applications RFP for a telecommunications Service Provider Licence to operate a NP Central Reference Database and associated Order Handling System.

3.9. **Regime for Short Code:** The purpose of this project is the development and implementation of a numbering scheme using numbers which are shorter than the regular telephone numbers, for the provision of a broad range of value-added services. The decision to incorporate quality of service rules, and additional service and licensing considerations into this NPRM has led to an extension of the schedule for
this activity. Additionally, the OUR was apprised of Bank of Jamaica’s (BOJ) initiatives on Electronic Payment Retail Services which would have implications for the demand for short codes. During the year, the consultation was re-opened to accommodate collaboration with the Bank of Jamaica to determine the regulatory implications of the emerging Mobile Banking. Much headway has been made with the document which includes amendments for the Premium Service Rules as well as considerations for electronic mobile payment services. It is anticipated that a decision will be issued by the end of Fiscal Year 2014/15.

3.10. Establishing Quality of Service Rules for the Jamaican Telecommunications Sector: - In keeping with its statutory responsibility to ensure quality of service to consumers, the OUR, with assistance from the IDB, commissioned consultants to review the quality of service being provided by telecommunications service providers, and to develop quality of service standards. The OUR is still in the process of drafting quality of service/consumer protection rules and guidelines. With the recent amendments to the Telecommunications Act, the OUR will be able to promulgate these rules by Order published in the Gazette. The revised approved Determination will include the following three documents:
(1) A Notice of Proposed Rulemaking (NPRM) which will set out the intended measurements, measurement methodologies and minimum standards. The OUR will engage the industry and the Ministry (two critical stakeholders) simultaneously. At the end of the consultation period the final rules will be gazetted.
(2) A Code of Practices which sets out the recommendations as to service providers’ best practices for their processes.
(3) A Consultation Document on unfair contract terms - This has been made possible because of the new powers granted to the OUR under the amended Telecommunications Act to address unfair contract terms. This matter will have to be addressed by a separate consultation.

3.11. Development of a Long Run Incremental Cost Model (LRIC) to Determine Termination Rates For Fixed Lines: Pursuant to the Telecommunications Act, the OUR has a responsibility to ensure that the price levied for interconnection by dominant carriers, with the exception of interconnection charges for wholesale termination services, is cost reflective and between the total long run incremental cost of providing the service and the stand alone cost of providing the service. Interconnection charges for wholesale termination services charges should be calculated on the basis of a forward looking long run incremental cost, whereby the relevant increment is the wholesale termination service and which includes only avoidable costs. The purpose of this project is to engage the services of a suitably qualified consultant to develop and calibrate a suitable LRIC model following consultations with the industry and other interested stakeholders on the principles and methodology which should guide the development of the LRIC model. The OUR intends to complete this activity for fiscal year 2015/2016.

3.12. Competitive Safeguard Rules – Voice Services: In issuing the first Notice of Proposed Rule Making (NPRM) on Competitive Safeguards, the Office’s intention was to consult jointly on competitive safeguard rules for voice and data markets. Cable & Wireless Jamaica Limited (t/a LIME) and Digicel Jamaica Limited (Digicel) argued that the OUR had no basis in law to set rules for the data services. In view of this, the OUR took the decision to consult separately on voice and on data services. Having issued its decision, LIME submitted an application for reconsideration. Deliberation on this application was also delayed by the on-going policy discussions on pending regulatory changes. The Telecommunications Act as amended by the Telecommunications (Amendment) Act 2012 now gives the Office authority to set competitive safeguard rules for both voice and data services. A decision has been taken to reschedule this
project until after the completion of the Sector Review which is scheduled to commence during 2014/2015 fiscal year. The Sector Review will determine the voice and data providers on which the obligations in the competitive safeguard rules will be imposed.

3.13. **Review of LIME’s Price Cap Regime**: The Office has determined that the services regulated under the Price Cap are no longer required. LIME therefore, no longer operates under a Price Cap Regime.

3.14. **Review of application of LIME for classification as Non-Dominant**: Some of the issues raised by LIME have been addressed in the removal of the Price Cap Regime. The remaining issues will be addressed in the Telecommunications Sector Review.

**The Electricity Sector**

3.15. The work programme in the electricity sector is for the most part on track. At the same time, for various reasons (including reordering of priorities, personnel constraints and unplanned activities) the OUR had to adjust its timetable in order to address a number of other significant activities in this sector.

**Sector activities completed or on schedule for completion in 2014/2015.**

3.16. **JPS Five Year Price Cap Tariff**: Jamaica Public Service Company Limited (“JPS”), consistent with the conditions of the Amended and Restated All-Island Electric Licence, 2011 (the “JPS Licence”) submitted an application for a tariff review in April 2014 (the “JPS Tariff Submission”), after which ensued a period of public consultation (oral and written), correspondences with JPS to secure additional data and clarification, and intensive analytical work by the Office’s technical staff. JPS was also provided with a preview of the draft determination notice on which it provided extensive comments and further engaged the Office’s technical staff (“JPS Comments”). For this particular application, JPS requested a departure from the usual five-year rate review to three years, arguing that the anticipation of significant additions to the grid in the next three (3) years by way of intermittent renewables and base load LNG generation capacity would require major changes. The company also proposed a change from price cap to revenue cap asserting, inter alia, that this mechanism would provide better incentive for it to encourage demand side management and energy efficiency.

JPS requested the following rate changes:

- an average increase of 21% on residential tariff;
- an increase of 15% of the tariff for Rate 20 customers with consumption below 7,500 kWh per month; and
- an average reduction of 1.50% of the tariff to commercial and industrial customers (Rate 40 and Rate 50).

Other notable requests were:

- a change in the relative share of foreign exchange cost to local cost;
- an increase in the component of fixed payment in the rates;
- the inclusion of a mechanism to allow JPS to cover foreign exchange losses attributed to settlements with Petrojam;
- a significant increase in the deemed percentage of losses allowed to be passed on to paying customers;
3.17. **Standard Offer Contract (SOC) for Net Billing:** The SOC has been developed to assist Jamaica in meeting its renewable energy supply targets by providing small electricity generators with a standard pricing regime. The Project was implemented on May 31, 2012. As at October 5, 2014 two hundred and four (204) licences have been issued with one hundred customers connected.

3.18. **Demand Forecast Analysis:** Planning for the electricity sector is demand driven. It is therefore essential to establish reasonably accurate demand projections. Failure to do this can result in over or under investment in generation capacity and network infrastructure. This would in turn lead to excessive power outages and/or high tariffs. An electricity demand forecast was done for the period 2010 – 2030. As the factors which affect this forecast notably economics, demographic, technology, etc., are dynamic there is need for this to be annually reviewed and updated. Such an update was done for the review period resulting in changes in the demand forecast. Additionally there was also the on-going monitoring and assessment of the daily system peak and energy demand.

3.19. **Transmission and Distribution (T&D) Codes:** The project involves the development of the Transmission and Distribution Codes by the national grid operator (JPS). The Codes incorporate among other things, the following:

- the principles and procedures governing the grid operator’s relationship with all users of the Jamaican transmission and distribution system. The Codes seek to define the day-to-day procedures for both planning and operational activities, and cover both normal and exceptional circumstances;
- the Transmission Code is designed to be used in conjunction with the Generation and Distribution Codes which serve a similar purpose for the generation and distribution systems and have a similar structure;
- the Transmission Code covers the 138KV system including the secondary circuit breakers and up to the outgoing isolators at transmission substations transforming to 24 KV, 13.8 KV and 12 KV;
- the Distribution Code covers the system from the point of the outgoing isolators on the transmission sub-stations as described above, to the point of connection with the customer’s system; and
- the Generation Code covers the generator connections to the transmission or distribution systems. The responsibility boundary between the generator and the grid operator will normally be the high voltage side of the generating unit transformer.

3.20. The draft documents have been completed but their finalisation has been delayed by the need to deploy the relevant resources to the completion of work on the review for 115 MW capacity from renewable energy sources review and the proposal for approximately 381 MW of base load capacity. It is expected that the codes will be finalised and implemented in fiscal 2014/15.

3.21. **Wheeling:** The JPS Licence allows for the wheeling of electricity by self-generators for their own use, across the national grid. The OUR issued it’s Determination on wheeling on July 9, 2013. JPS has,
however, appealed to the Electricity Appeal Tribunal. The matter was heard on February 13 and 14, 2014 and at the time of writing the decision of the Tribunal has not been delivered.

3.22. **Accounting Separation:** The requirement for JPS to provide separate accounts for the different areas of its business is important for, *inter alia*, the introduction of competition in the generation side of the market; and to provide the Office with a better understanding of the breakdown of cost, transfer pricing and the scope for achieving efficiencies. Although a draft notice of proposed rulemaking has been done, work on this did not progress during the year as it was displaced by work on the wheeling project and preparations for a number of tribunal matters (scheduled and unscheduled). Activities will include, *inter alia*, the issuance of the Notice of Proposed Rulemaking for comments, circulation of responses for further comments and finalisation and approval of rules. Given existing commitment of the available resources, activities on this activity have been shifted to 2015/2016.

3.23. **Efficiency Improvement/Demand Side Management/Loss Reduction:** In the 2009 tariff review, the OUR established new targets for the reduction of JPS’s system losses. Arising out of the 2013 JPS tariff adjustment review, the targeted rate for system losses remained unchanged at 17.5%. The OUR is currently reviewing the JPS Tariff Application and any adjustments made to these parameters will be included in the final copy of this Plan.

3.24. **Additional Generating Capacity:** The Company, Energy World International (EWI), was awarded preferred bidder status to build, own and operate natural gas fuelled base-load generating capacity to the national grid. EWI’s licence was subsequently revoked as the Company failed to respond or show good reason why it should not be revoked. The GoJ has now established a body to carry out the procurement of the required Base Load Generation. Procurement for 115 MW of generating capacity from renewables ended with three preferred bidders being selected to provide 78 MW of generating capacity. The process is on track to have these plants commissioned by the September 2016 scheduled timeline.

3.25. **Audit of Fuel Procurement by Generation Companies:** The OUR initiated a procurement process for consultancy services to audit the Jamaica power system’s fuel management policies and practices. The audit was awarded to SGS Supervise Jamaica Limited. In response to the new SGS Data request, JPS submitted data on July 29, 2014. OUR then requested that SGS review the data and inform as to whether it is consistent with the data request. On August 8, 2014 SGS indicated that it has conducted a preliminary review of the data which suggest that the JPS submission is not consistent with the data request. SGS further advised that it will conduct a final review of the data and advise the OUR. At the time writing, SGS has not indicated whether or not the review is completed. The content of the report and the recommendations will inform measures to be put in place, the monitoring approach to be adopted and the scheduling of further audits.

3.26. The OUR is cognizant of the need for further energy studies in wind and hydro power. There is also a need for more research into the utilization of garbage as an energy source. These are initiatives that may have to be undertaken in the next period and may require third party assistance.
The Water and Sewerage Sector

3.27. The overall focus in the water sector continues to be access to safe and adequate water supply and the improvement of efficiency in its delivery. The current Minister of Water, Land, Environment and Climate Change has established a team to review the National Water Sector Policy and Implementation Plan.

3.28. In the 2013 approved tariff for National Water Commission (NWC), the company had been given approval to collect an additional amount from customers for purposes of a fund used to finance rehabilitation and infrastructure projects. The continuation of this fund classified as the K-Factor Fund, was approved in the 2013 approved tariff, with provisions for improved reporting. Since the implementation of the K-Factor in 2008, the OUR has approved 100 projects as eligible for funding.

Sector activities completed or on schedule for completion in 2014/2015.

3.29. As at August 31, 2014, the estimated total project cost of these projects are approximately J$31.00 billion.

K-Factor Project Approvals

<table>
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<tr>
<th>Project Type</th>
<th># of projects</th>
<th>Estimated Cost (J$b)</th>
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</thead>
<tbody>
<tr>
<td>NRW Reduction/Water Supply</td>
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<td>24.</td>
</tr>
<tr>
<td>Improvement</td>
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<td></td>
</tr>
<tr>
<td>Sewerage/Wastewater Treatment</td>
<td>33</td>
<td>7.</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>31.</td>
</tr>
</tbody>
</table>

3.30. Publishing of Water Sector Bi-annual Reports: Publication of bi-annual reports outlining activities in the water and sewerage sectors has been dogged by inconsistency in the supply and quality of data. In this regard, the OUR has been working with stakeholders (especially the small providers) to ensure that reports can be published that will give a complete picture of the sector rather than just information for the major provider. It is expected that routine publication of these reports will be restored before the end of fiscal 2014/2015.

3.31. Accounting Separation: In an effort to disaggregate costs for the various aspects of the NWC’s operations, the OUR has directed the company to separate its accounts by cost centres. The OUR has the responsibility to develop applicable rules to guide the accounting separation process. The OUR, in consultation with the NWC, has determined the set of rules to guide the separation of the cost of the various services. This was done to some degree as a part of the NWC’s 2013-2018 tariff submission but there will be further refinement for the future.
Regulatory Impact Analysis

3.32. A key decision making tool that the OUR will continue to deploy is Regulatory Impact Analysis (RIA) or Assessment. RIA is a methodology that helps to determine the costs and benefits of policies, rules and regulations. Its purpose is to systematically and consistently examine, *ex ante*, potential impacts arising from proposed policies, rules and regulations. Within the context of an increased accountability framework, this will serve to promote balanced decisions that trade off problems against wider economic and social goals, and to communicate the information to decision makers and other stakeholders. RIAs can also be used to examine, *ex post facto*, actual impacts from implemented policies and decisions.

Internal Operations

3.33. The OUR made significant strides in a number of projects, aimed at improving internal operations and delivery of service to stakeholders. These include:

- training and other development work for establishing a Quality Management System (QMS) with a view to becoming ISO 9001:2008 certified;
- tightening internal controls as recommended by the Internal Auditor and from corrective actions taken after a Pre-Assessment audit;
- continued work on the implementation of a Regulatory Management System (targeted areas include: Business Intelligence/Data Analytics; Stakeholder Management; Electronic Filing; Geographical Information; Library and Record Management; Automation of office systems and Online/Mobile Applications) designed to make regulatory inputs and outputs more measurable;
- development of a Code of Ethics

3.34. The OUR Act specifies various breaches for which licensees are liable to summary conviction in a Resident Magistrates Court. The Office of the Director of Public Prosecutions (DPP) has agreed to provide special assistance to the OUR in the event that these provisions are invoked. It is expected that the experience gained will result in the identification of a clear procedure and the development of relationships between the OUR and the appropriate enforcement agencies (i.e. the police and the prosecutors) that will facilitate the efficient and effective prosecution of these breaches.

3.35. Parliament promulgated the Protected Disclosures Act, also known as the Whistle-blower Legislation, in March 2010. The legislation took effect on August 7, 2012. The OUR is named as a “Prescribed Person” under the Protected Disclosures Act with responsibility to receive protected disclosures, investigate the disclosures and take appropriate action. The OUR will finalise its procedures to implement an administrative structure that will facilitate the receipt and investigation of protected disclosures, as required by the Act, once the Act is fully implemented through the Commission for the Prevention of Corruption which the “designated authority”. The Commission for the Prevention of Corruption has published procedural guidelines in April 2014 and will schedule a formal launch of the whistle-blower legislation later this year.

3.36. The OUR is continuing efforts to secure external sources of funding where possible to ease the dependence on regulatory fees.

3.37. The staff complement at present is 62 against the targeted complement of 63 provided for in the budget. The vacant positions are expected to be filled early in fiscal year 2015/2016.
3.38. Training and Development continued during the year in a number of specialised areas. The details are outlined in Appendix IV.

3.39. Performance in maintaining timelines for projects in the various sectors was affected by ad-hoc requests for reconsideration and legal challenges. Significant time and resources had to be diverted and allocated to preparing affidavits and briefing the external counsels for a number of on-going legal challenges.

Protecting Stakeholders’ Interests: Transparency, Accountability Good Governance

3.40. The OUR has taken a number of initiatives in fulfilment of its commitment to transparency, public accountability and improvement of service delivery to stakeholders. These include the well-established Consumer Advisory Committee on Utilities (CACU), and the Independent Advisory Council on Finance and Administration (IACFA).

Environmental Planning

3.41. The OUR, in keeping with the Government’s objectives, has initiated a number of activities aimed at improving environmental awareness and practices. These include:

- the introduction of the “Share Point” software which, in addition, to allowing a measure of control in the editing process of documents, will reduce the need for printing documents and hence the use of less paper; and
- facilitating the Government’s objectives in ensuring that there is a good mix of renewable energy factored in the addition of generating capacity to the grid.

This will be an on-going exercise to continue in the next fiscal year.

Consumer Advisory Committee on Utilities (CACU)

3.42. The CACU was established to provide the Office with a forum through which it can receive consumers’ views on broad regulatory issues, and on issues affecting the relationships between the utility companies and consumers. The CACU:

- advises the Office on consumers’ priorities in relation to the quality of service provided by each of the utility service providers;
- makes reports to the Office on any matter relating to the provision of utility services that appear to the Committee to affect the interests of customers or potential customers of the service providers;
- considers issues referred to it by the Office and provides timely feedback, opinions and recommendations as appropriate;
- acts as a gauge of public opinion, and advises the OUR on issues that will impact on the OUR’s relationship with the public;
- acts as an advisory body to the Office, and brings issues of public concern to the Office as well as offering solutions to specific issues;
advises the Office on the development of regulatory policy, particularly in those areas that are of direct consumer concern;
reviews the Consumer Affairs Department’s quarterly reports and advises the Office of the implications for customer service which might arise there from; and
publishes reports of its deliberations and activities on a regular basis.

3.43. The CACU is organized to accommodate up to fourteen (14) members, although the Chairman, with the Director-General’s approval, may constitute a Committee with fewer persons. Membership is drawn from:
- Consumer groups
- The Business Sector
- Consumer Affairs Commission (CAC)
- The General Public

3.44. The CACU is provided with a budget by the OUR; however, it has autonomy in its choice of issues and deployment of its resources. Since its inception, the CACU has provided the Office with critical comments on various consumer issues, and has consistently championed the interests of consumers. CACU increasingly draws on external expertise to provide it with surveys, analyses, advice and commentary on issues affecting consumers. The OUR has facilitated its participation in such international regulatory fora as the Organization of Caribbean Utility Regulators (OOCUR) and National Association of Regulatory Utility Commissioners (NARUC) for it to benefit from a wider range of views and options on consumer advocacy issues.

Independent Advisory Council on Finance and Administration (IACFA)

3.45. The Office, in keeping with the provisions of Section 3 of the OUR Act and Section 28 of the Interpretation Act which affords it the authority to regulate its own proceedings, established the IACFA in 2012.

3.46. The IACFA exercises no executive authority. Its essential functions are to provide the OUR’s management with advice on:
- the adequacy and effectiveness of its financial reporting and procurement processes;
- the adequacy, efficiency and effectiveness of its accounting and internal control structure and systems of the organization;
- the adequacy of measures adopted to comply with recommendations of the OUR’s external auditors; and
- the administrative procedures designed to promote good governance of the OUR.

3.47. In performing the above functions, the IACFA is empowered to:
- make such recommendations to the Office as it may consider appropriate and consistent with its overall designated purpose as set out above and in any relevant legislation;
- call upon the services of such persons on staff in the OUR as may best assist with the performance of its responsibilities and in achieving the specific objectives under its mandate;
- with the prior approval of the Office, engage such professional services as will aid in the discharge of its functions and the rendering of its findings and recommendations; and
• commission special investigations and audits at its own initiative to ensure that the OUR’s commitment to transparency and financial prudence and the fiduciary commitments of the officers within the OUR are continuously maintained.

3.48. The Council meets bi-monthly to review matters within its remit.

Internal Audit

3.49. The Internal Audit function has been in operation since 2010. The Unit’s role is to assist management to review and recommend improvements in internal controls. During the current fiscal year, the Department completed one (1) QMS process audit, two (2) operational audit reports and one (1) special investigation, with a total number of observations and recommendations. Implementation of the audit recommendations are at various stages of work-in-progress. The Unit continues to play a key role in the OUR’s process of obtaining ISO 9001: 2008 certification and participated in the Pre Assessment Audit conducted by external consultants.

Consumer and Public Affairs

3.50. For the period January 2014 – June 2014, seventy (70) new appeals were received for investigation. One hundred and fifty two (152) appeals which remained unresolved up to January 2014 were carried forward, bringing the total number of appeals requiring attention during the reporting period to two hundred and twenty two (222). Of the two hundred and twenty two (222) appeals investigated during the period, sixty six (66) were resolved and closed. This analysis will be updated for the final version of the Plan.

3.51. The OUR reached out to its stakeholders through mass and social media, face to face discussion, presentations and participation in major events. The “Inside the OUR” monthly print feature continued to provide information and updates on our regulatory activities. Additionally, social media was included in its public education drive and our Facebook Page was revamped and is updated at least twice weekly. Utility consumers have also been engaging us through this medium regarding complaints with their service providers. A Twitter account was also established which is also being used to provide information to our stakeholders. Mass media continued to be the main medium through which the public was informed. The five-minute “Inside the OUR” radio feature is aired on five of the major radio stations, and time signal messages also continued on two radio stations. Additionally, relationship building activities were maintained through our participation in expositions and meetings organized by community/church groups, and private organizations.

Training & Development

3.52. The preferred option for training for the OUR continues to be local where possible, either by using local trainers or by bringing in trainers to lead the sessions here in Jamaica. This approach has allowed for more persons to be trained within the budget allocation, and has also permitted the inclusion of personnel from other agencies. Nevertheless, it is often necessary for the OUR to provide specialised overseas training for its staff. Details of training and representations are provided in Appendix III.
Information Technology

3.53. The IT Department ensured that the information systems of the organization were maintained and available to staff and other stakeholders. There were upgrades to the UPS system, file servers, mobile platforms, network and storage infrastructure. IT staff attended a number of training courses and seminars to ensure that the organization is receiving and utilizing the latest and the most relevant technology.

3.54. The Department initiated activities that served to integrate information technology in the regulatory functions of the organization for improved efficiency and productivity. Major activities span the implementation of an integrated mobile platform; Integrated Wi-Fi system; Storage Area Network and Disaster Recovery Network. The Department has also continued its work to develop a regulatory management system which will allow the OUR to improve on the monitoring of regulated entities.

Assumptions and Bases

4.1. The work plan and budget as presented are predicated on a number of assumptions regarding the operating environment and the internal structure of the OUR. The OUR’s success in achieving the set objectives and goals and accomplishing the programme of work is dependent on the extent to which these assumptions hold true. Additionally, it is anticipated that there is likely to be a number of unforeseeable events and occurrences for which it has not been possible to make adequate contingency provisions. The major assumptions regarding the work programme are:

- staff (existing and to be recruited) will be operating at optimal output throughout the period of the plan;
- staff turnover will be kept to a minimum. This is critical given the elongated learning curve that obtains for regulatory professionals;
- the OUR will be operating with full devolution of authority thus being in a position to reclassify job functions which will enable the OUR to retain its present staff complement or attract equivalent replacements where there are losses;
- the resource needs identified in the budget will be approved and met;
- there will not be significant fall-out or delay in the payment of regulatory fees;
- the policy changes and the timetables for expected legislative enactments and amendments will hold;
- the regulatory environment will not become more litigious than in the past year;
- where necessary the OUR will be able to outsource;
- such emergencies as arise will not be beyond the Office’s ability to meet and/or to outsource; and
- the enforcement powers of the OUR will receive the necessary enhancement and support.

4.2. With regard to the construction of the budget for 2015/16; 2016/2017 and 2017/2018 the following are the major assumptions:

- **Inflation Rate:** The budget has been developed on the assumption that the Government’s projected 7.8% rate of inflation for FY 2015/16; 7.5% rate of inflation for FY 2016/2017 and 7.1% rate of inflation for FY 2017/2018.
- **Exchange Rate:** The budget has been developed at the current rate of US$1: J$113.
- **Staff Complement:** For the fiscal year 2015/16, the staff complement is budgeted at sixty-two (62). It is expected that the vacant posts will be filled by April, 2015. Any other staff additions will be dependent on whether there are additional responsibilities.

Contingencies

4.3. There are particular contingencies for which it is not possible to make provision at this time. There could be changes in the OUR’s remit, for example, the OUR may be assigned oversight responsibility for the petroleum sector, and that it may be required to assume responsibility for regulating an emerging natural gas sector. The OUR considers that there is a critical need to have focused oversight of the petroleum sector as the rates at which fuel is procured represents a direct pass-through to electricity consumers which account for about 65% - 70% of the total charge for electricity.

4.4. The Government’s decision to promote fuel diversity which includes the adoption of natural gas in the near to medium term, will give rise to the need for an appropriate regulatory framework. Given the natural
synergy that obtains, it is logical that the OUR would be required to assume regulatory responsibility for this sector. However, in the absence of a decision on the allocation of this responsibility, the OUR has no authority to pre-empt or to redeploy resources from other sectors in anticipation of this, and the assumption is that in such an eventuality the required resources would have to be mobilised externally to facilitate the establishment of this framework.

4.5. The Government has committed to a stand-alone ICT regulator which has the potential to severely impact the viability of the OUR and will require major restructuring of personnel and finance. If this commences in the next period as signalled, there will be a need to revisit the fundamentals of this Plan.

4.6. The OUR would no doubt be called upon to devote significant personnel time to this activity and so it is among the matters that have implications for the work programme.

Proposed Sector Activities

4.7. The details of activities in the work-plan, and the time period allocated for each activity, are not yet finalised. However, to assist the utilities in their own planning, the projects to be undertaken in fiscal years 2015/2016 and 2017/2018 in the telecommunications sector are shown in Appendix IV.

4.8. The work-plan deals specifically with the core regulatory activities of the OUR, and sets out the Office’s planned interventions during the three-year plan period. In respect of each sector, the discussion of the major activity is preceded by a discussion of the broad objectives the Office has identified for the sector for the period, the goals it has established for itself and the strategy it proposes to adopt in achieving these goals.

4.9. Beginning with the 2012/2013 Business Plan, the OUR has sought to more explicitly incorporate elements of regulatory impact assessment and risk management for each of the major projects under review. This will continue in this fiscal year.

Telecommunications Sector

Goals

4.10. The national strategy for this sector is to expand the broadband network island-wide. Specifically, the strategy is to create an appropriate regulatory environment conducive to investments in ICT and network development, promote multiple modes of information delivery systems and networks, including new wireless and wired broadband technologies, implement appropriate compliance measures, and improve billing and collection procedures. The OUR’s critical goals remain relevant and these, with appropriate amendments, are listed below:

- ensuring that policy takes cognizance of, and is informed by, the imperative of convergence (to the extent of the OUR’s influence);
- securing a regulatory framework conducive to the continued growth of the sector and the spread of competition across all sub-sectors. The Office is cognizant that competition has increased, and
although the market has satisfactorily dealt with some issues, there is the need for intervention on matters of competitive significance. The Office hopes that the Government will bring a resolution to the FTC issue¹;

- ensuring that the regulatory framework is facilitative of the deployment of next generation technology and other offerings;
- continuing and consolidating the gains in promoting universal access to broadband by all, including the vulnerable and those with disabilities, and addressing a number of anomalies in the existing regime for funding universal service;
- promoting international and regional connectivity and local internet exchange points in order to increase the availability and efficiency of high speed communications;
- ensuring that operators of telecommunications facilities and service providers make provisions to allow citizens reasonable access to emergency services;
- ensuring that the relevant authorities place greater emphasis on cyber security;
- developing and providing policy advice to the Government with respect to legislative actions to remove barriers to competition, reduce market anomalies and to ensure that the policy framework reflects a technology neutral environment;
- establishing a system for number administration and allocation that is fair, quick, user interactive and transparent;
- providing additional capacity in the National Numbering Plan to ensure that sufficient numbers are available for current and anticipated future needs;
- ensuring that there is robust data on the telecommunications sector to assist policy and decision making, and inform the public;
- coordinating with the MSTEM, to ensure that there is a mechanism for systematic collection of the other ICT indicators used in the calculation of the ICT index; and
- developing a framework for the sharing of infrastructure facilities.

Objectives

4.11. Consistent with the goals outlined above, the following are some of the more important objectives determined by the Office to be achieved within the planned period:

- commission a broadband study in order to find ways of encouraging and incentivising the use of broadband;
- development of general rules on dispute resolution to allow for greater efficiencies in the industry;
- ensure that all licence holders are complying with information requirements and payments of regulatory fees;
- review and update the instruments for information gathering and reporting on the sector; and
- ensure that information requested of the operators is submitted so that the public can be guided accordingly.

¹ Consequent on a finding by the Court of Appeal that there is a structural defect in the composition and operations of the Commission which runs afoul of natural justice principles, there has been on-going uncertainty about that body’s ability to address competition matters as a ‘first instance’ tribunal. If the FTC adopts a practice of investigating and bringing matters to courts rather than adjudicating (even as a temporary approach) this may help to clear up some of the outstanding matters. The issue is important to the work of the OUR as it is obliged to refer matters of competitive significance for the attention of the FTC.
Strategic Approach

4.12. The strategic approach to be applied in the sector over the next three years will include a mix of measures which include, *inter alia*:

- appropriate research in respect of benchmarking, surveys, trend spotting, practitioner literature review, etc. to inform the Office’s positions and decisions, and to serve as a basis for appropriate policy recommendations to Government and to establish KPIs;
- building local and where appropriate international coalitions to lobby for an improved policy and regulatory environment;
- continuing and deepening the practice of cooperating and collaborating with other regulators, government and multilateral institutions at the local and international levels;
- the selective use of external expertise and outsourcing of analytical work to deal with specialised issues and to supplement the work of staff;
- identifying and utilising available external sources of assistance, and taking full advantage of Jamaica’s membership of such bodies as, the ITU, CTO, IDB, NARUC, OOCUR, CTU, etc. to secure funding or reduce the costs of various regulatory initiatives and training;
- continuing to build and leverage a technology platform that allows for optimum delivery of service to internal and external customers, improved internal efficiency and ease of interface with all stakeholders;
- engaging in closer supervision and monitoring of the sector and emphasizing strict enforcement of the OUR’s directives and/or licensing conditions; and
- publishing relevant information so that the public can make informed choices in a competitive environment.

Major Activities

Telecommunications Sector

4.13. The OUR is responsible to the Jamaican people for ensuring an orderly regulatory framework within which telecommunications products and services can be efficiently and effectively provided to consumers and businesses. The OUR must also ensure the universal availability of “basic” telecommunications service; make telecommunications services accessible to all persons; protect and empower consumers in the telecommunications marketplace and address public interest issues such as cybersecurity and emergency access operations. Consistent with its statutory authority and in support of its mission, the OUR has therefore established five strategic goals with related strategic objectives for the telecommunications sector. The projects set out in this three (3) year work programme aligns with and are expected to allow the OUR to achieve each of the strategic goals identified. It is also recognized that the identified strategic goals and projects are not mutually exclusive as they tend to have overlapping effects. Even so, the underlying rationale for project allocation has been to locate each within the strategic goal to which it is adjudged to give greater weighting.

Ensuring equivalence in access and choice for disabled end-users

STRATEGIC GOAL I:

4.14. Maximize Jamaicans’ access to and the adoption of affordable fixed and mobile broadband where they live, work, and travel.
• **Strategic Objective 1.1:** Maximize broadband adoption by promoting affordability and removing other barriers to adoption by all Jamaican, including those with low incomes and disabilities.
• **Strategic Objective 1.2:** Enable the private sector to accelerate the deployment and expansion of broadband networks by minimizing regulatory and other barriers to broadband build out.
• **Strategic Objective 1.3:** Measure and monitor the country’s progress on broadband.
• **Strategic Objective 1.4:** Review of the telecoms universal service obligation to assess whether it is appropriately defined to take account of future developments in the sector.

**Strategic Goal I Projects**

4.15. In order to achieve Strategic Goal I the OUR has identified the following Projects:

i. Facilitation of Broadband Initiatives Being Undertaken by MSTEM
ii. Infrastructure Sharing
iii. Establish Broadband Dashboard
iv. Review of the telecommunications universal service regime to determine adequacy given changes in sector

**Facilitation of Broadband Initiatives Being Undertaken by MSTEM**

4.16. Currently there are two MSTEM broadband projects in which the OUR is involved. They are:

i. **Broadband Infrastructure Inventory and Public Awareness in the Caribbean (BIIPAC)** — The BIIPAC project by IDB and CANTO in February 2013. The project is regional in scope and its main objective is to develop a broadband diagnosis for each Caribbean country and a series of broadband infrastructure maps for all the countries. The project will improve the availability broadband data thus giving a better understanding of the current state of broadband infrastructure. This will enable the Government of Jamaica to design public policy which facilitates broadband deployment and adoption while tailoring its market interventions to complement rather than substitute for market forces. The deliverables also include the development of public policy recommendations for the design of national broadband strategies for each participating country.

ii. **Broadband Institutional Framework** — This Project contemplates an assessment of current capabilities in the GOJ to develop information tools on the current status of broadband in Jamaica. It will contribute to improving policymakers’, regulators’, and operators’ understanding of the sector, thereby strengthening their capacity to implement and monitor public policies for increased broadband development.

**Infrastructure Sharing**

4.17. Section 29A of the Telecommunications Act provides the Office with the authority to mandate infrastructure sharing. The reasoning for such rules is that duplication of investment is a waste of resources. Moreover, in many cases duplication is not feasible due to natural limitations e.g. limited vantage points such as hilltops or inadequate space for building additional towers. It is the OUR’s view that the optimum utilization of resources can reduce the cost of investment which will ultimately redound to the consumers of telecommunications services. Infrastructure sharing will also afford new entrants the opportunity to accelerate service expansion. In addition to the cost savings, mandating infrastructure sharing will also halt the deterioration of the aesthetics of the country’s landscape and reduce the environmental footprint of the telecommunications sector.
4.18. During the 2013/2014 fiscal year, OUR through CTO engaged Pygma Consulting to recommend modalities for infrastructure sharing, and to develop draft rules for sharing. Due to some delays, the consultancy for this project did not end until May 2014. It is therefore anticipated that aspects of this project may run into the 2015/2016 fiscal year.

**Broadband Dashboard**

4.19. Improving the country’s broadband infrastructure is a prerequisite for a broadband-related economic impact. Results from a World Bank econometric analysis of 120 countries showed that for every 10% increase in broadband penetration, there is a 1.3% increase in economic growth. The results also showed that the growth effect of broadband is stronger in developing countries. Policy tools are necessary to promote broadband deployment and adoption in order to realize broadband’s potential to contribute to economic growth and the creation of jobs.

4.20. Originally this project had contemplated the development of a National Broadband Plan/Strategy as well as a web-accessible interactive broadband coverage map and dashboard. However, it has been rescoped and rescheduled due to the launch of the BIIPAC Project. As noted earlier, the BIIPAC project will develop broadband strategies and broadband diagnosis and infrastructure maps for Caribbean territories. OUR’s project will take place after the completion of the IDB/CANTO project and will utilize the data collected under that Project to develop a Broadband Dashboard. It will also provide for the continuing update of broadband indicators collected under the BIIPAC Project.

**Review of the Universal Service Regime**

4.21. The OUR proposes to review the current universal service regime (USR) to determine its appropriateness given sector developments since it was first established in 2005. The review will evaluate the level of compliance and the effectiveness of the current model. The fundamental reason for the USR is based on the reality that without it a number of Jamaicans will be denied access to ICT services for two reasons: either it is uneconomic for Licensees to serve particular areas in Jamaica and/or the incomes of some Jamaicans are too low for them to afford the services available to them at their locations.

4.22. Currently the provision of universal service is funded by a universal levy on incoming international call minutes. This regime, however, is under threat. Technological developments over the last decade are resulting in changes to the tariff structure for voice services. The increasing prevalence of “Over the Top” (OTT) applications which allows persons to place calls to and from Jamaica while circumventing the international gateways of licensed Jamaican carriers could significantly reduce the funds available for universal service projects. Moreover, although initially reluctant to ‘cannibalise’ their own voice services, as VoIP competition and demand increase, it is anticipated that incumbent carriers will increasingly, move to introduce VoIP service offerings, thus putting an end to the “per minute” billing approach. The USR therefore needs to be reviewed to determine its viability as well as to address any market distortions that the current model may have introduced.

**STRATEGIC GOAL II:**

4.23. Ensure a competitive market for telecommunications services which will foster investment, innovation, and to ensure that consumers have choice in affordable telecommunications services.

*Strategic Objective 2.1:* Ensure effective policies are in place to promote and protect competition for the
benefit of consumers.

**Strategic Objective 2.2:** Ensure retail prices of telecommunications services fairly reflect costs

**Strategic Objective 2.3:** Remove barriers to the introduction of new entrants and the ability for smaller players to effectively compete against existing service providers

**Strategic Objective 2.4:** Reduce the barriers that customers face in switching operators

**Strategic Goal II Projects**

4.24. In order to achieve Strategic Goal II the OUR has identified the following Projects:

i. Development of Fixed LRIC for Fixed Networks

ii. Conduct Sector Review (Market Definition and Dominance Assessment)

iii. Review of Data Rios for Fixed and Mobile Networks

iv. Conduct Cost and Benefit and Unfair Burden Test for Indirect access on Dominant Operators

v. Conduct Cost and Benefit and Unfair Burden Test for Unbundling of Network Elements on Dominant Operators

vi. Establishment of Competitive Safeguards Rules for Voice and Data Markets

vii. Establishment of QoS Rules for Wholesale Telecommunications Services/Facilities

viii. Development of Regulatory Framework for MVNOs

ix. Development of Regulatory Framework for Next Generation Networks

x. Pre and Post Number Portability Implementation Activities

4.25. **Development of Fixed LRIC for Fixed Networks** Under the Telecommunication Act, the OUR has a responsibility to ensure that the price levied for interconnection by dominant carriers is cost reflective, and that the price for wholesale interconnection services is determined in a manner where it only takes account of avoidable costs. This project is to develop and calibrate a suitable LRIC model, following on consultations with the industry and other interested stakeholders on the principles and methodology which should guide the development of such a model. The output from this project will also provide data for two other projects on the Work Plan, namely, the cost benefit and unfair burden test for unbundling network elements on dominant operators and the cost benefit and unfair burden test for indirect access provision on dominant operators.

4.26. Interconnection charges that are based on the LRIC will encourage operational efficiency and assist the OUR in providing a level playing field for current operators and new entrants. LRIC-based charges also encourage rational pricing decisions on the part of the operators. At the very least, this will reduce the variation in fixed termination rates across the different networks.

**Conduct Sector Review (Market Definition and Dominance Assessment)**

4.27. The last process carried out by the OUR to define markets and assess dominance in those markets started in 2000 and concluded in 2004. From that process, Cable and Wireless Jamaica was found to be dominant in several markets relating to fixed services and all mobile operators were found to be dominant with respect to terminating calls on their respective networks. Since then there have been a number of significant changes in the telecommunications sector such as the evolution of the internet as a primary means of communication, a decrease in the number of mobile operators, and a significant lowering of mobile termination rates just to name a few.

4.28. The OUR has therefore commenced a complete assessment of the telecommunications sector to determine if there has been any change in the markets which were previously defined and whether
additional markets now exist. The assessment will also indicate which operators, if any, are to be classified as dominant in those markets or whether existing dominant operators should be reclassified as non-dominant. Given the tasks associated with a sector review it is anticipated that this project will continue throughout the 2015/2016 fiscal year.

4.29. The OUR is committed to evidence-based regulation and will introduce regulation only where there is a demonstrable need. The outcome of sector review will therefore inform the OUR’s future work programme as it will identify which markets require regulatory intervention. Projects such as: Review of Data Rios for Fixed and Mobile Networks; Establishment of Competitive Safeguards Rules; Cost and Benefit and Unfair Burden Test for Indirect access on Dominant Operators; and Cost and Benefit and Unfair Burden Test for Unbundling of Network Elements of Dominant Operators will all have to await the conclusion of the Sector Review.

Review and Harmonization of Data RIOs (Fixed and Mobile)

4.30. Having mandated interconnection, regulators still need to ensure that their rules are applied fairly. In most jurisdictions this takes the form of a requirement for dominant operators to develop a Reference Interconnection Offer (RIO), the contents of which must be approved by the regulator. The RIO provides a transparent basis for the negotiation and conclusion of all agreements for the provision of interconnection services that are subject to regulation. It provides legal certainty to new entrants as they can be certain that they are being granted interconnection on terms which are no less favourable than that accorded to other operators, including the retail arm of the interconnection provider.

4.31. Currently, in the voice segment of the sector, there is an obligation on all mobile carriers and LIME fixed network to submit their RIOs for the OUR’s approval. The 2012 amendments to the Telecommunications Act make interconnection obligation applicable to data networks. Subsequent to the conclusion of the sector review, the OUR will direct all dominant operators to submit RIOs, which include data services, for its approval. The review will outline the conditions under which dominant networks will interconnect for the provision of data services. This will make it easier for operators to establish interconnection agreements with dominant operators for the exchange of data traffic. As pricing is generally a key component of any RIO, it will lead to cost oriented rates and a level playing field for all operators which should foster greater competition in the provision of data services.

Cost Benefit Analysis and Unfair Burden Test for: (a) Provision of Indirect Access by Dominant Operators; (b) Unbundling of the Local Loop of Dominant Operators

4.32. One means of fostering competition in telecommunications sector is by ensuring that all competitors have access to the infrastructure under fair conditions and on a non-discriminatory basis. Traditionally, two key regulatory interventions have been utilized to achieve this outcome: the provision of indirect access and the unbundling of the local loop. Under the Telecommunications Act indirect access means “the method whereby customers of a particular carrier are able to access specified services provided by another carrier through the telecommunications network and the telecommunications services of the first mentioned carrier with whom the customer is directly connected; but does not include two stage dialling”. In effect, indirect access allows entrants an indirect method of accessing customers, and allows consumers the opportunity to benefit from the services offered by these entrants. Local loop unbundling is the regulatory process of allowing multiple telecommunications operators to use connections from the telephone exchange to a customer’s premises.
4.33. Whereas, the roll out of alternative local networks requires huge investments and takes time, indirect access and unbundling initiatives allow new entrants to enter local markets and win market share more quickly. Also, regardless of their modes of implementation, all indirect access and unbundling initiatives are superior to “simple resale” schemes both in terms of the quality and variety of service offerings and pricing. Indirect access and unbundling initiatives also facilitate the addition of independent and enhanced functionalities that are not available through simple resale schemes.

4.34. However, there are also claims that these initiatives could undermine the investment and innovation incentives of both incumbents and entrants. In such cases they could eventually be detrimental to competition in that they retard the roll-out of competing infrastructures. Therefore, before it can make rules to impose an obligation to provide indirect access or to unbundle its local loop on a dominant operator, the Office must be satisfied on reasonable grounds that such rules are necessary in the interests of customers and that –
   a) the benefits likely to arise from the requirement outweigh the likely cost of implementing it; and
   b) the requirement to provide the particular form of indirect access will not impose an unfair burden on any carrier or service provider.

4.35. If the cost benefit analyses are positive, and there is no unfair burden, dominant operators will be mandated to provide indirect access services and implement unbundling in their networks.

Establishment of Competitive Safeguards Rules

4.36. The benefits of liberalization are obvious in Jamaica’s telecommunications sector. Since the sector was liberalized we have seen:
   • significant increases in investment to improve infrastructure and to meet increasing consumer demand
   • significant price reductions
   • technological changes and innovations
   • the enthusiastic take-up of new devices and services by consumers and businesses.

4.37. Notwithstanding such achievements, anecdotal evidence suggests that more needs to be done thus the commencement of the sector review project. Global experience has also shown that even where there is competition at the retail level ex ante regulatory intervention may still be required in access markets. Access regulation reduces the barriers for competing operators to enter and compete in downstream markets. It also encourages existing and new operators to invest in new infrastructure. If competition at the wholesale level is not effective, the consumers could end up paying higher prices for the products and services at the retail level. Upon the conclusion of the sector review project, the OUR in accordance with Section 35 of the Telecommunications Act will seek to introduce competition safeguards, where necessary, to prevent the abuse of dominance by a public telecommunications carrier in its provision of access services/facilities. Among other things the safeguards will seek to address equivalence and transparency obligations, particularly the obligation to protect wholesale customer information.
Establishment of Quality of Service Rules (Wholesale)

4.38. Consistent with its mandate under the Telecommunications Act, the OUR intends to establish quality of service standards for wholesale telecommunications services/facilities through the development of rules. The rules will apply to Licensees who make their services/facilities available as a wholesale product. Similar to the exercise conducted for the retail services, the rules will create conditions for consumer satisfaction by making known the quality of service/facilities, which a Licensee is required to provide, and the wholesale user has a right to expect. Along with the competitive safeguards, these standards will ensure that the quality of service provided to services-based Licensees is the same as that provided to the retail arm of the entity which operates the network. In addition to ensuring an open and efficient telecommunications marketplace the rules should also assist in the development of related ICT markets.

Development of a Regulatory Framework for Mobile Virtual Network Operators (MVNOs)

4.39. The introduction of MVNOs is seen as a natural progression in the facilitation of competition in the telecommunications sector. The MVNO model has gained popularity globally, and new value added services are constantly emerging. Given that MVNOs tend to focus on niche markets, it is believed that valued-added niche services are better handled by these operators. The OUR will examine a variety of issues including: - MVNO models, benefits, and the licensing, technical and regulatory implications of MVNO entry. This is the formulation of a system to outline how Mobile Virtual Network Operators (MVNOs) will be regulated. This will address the rights and responsibilities of these virtual operators and their interactions with facilities based operators.

4.40. This could increase the level of competition in the provision of the prescribed services. Consumers would therefore be afforded more options in terms of service providers and types of services. This should eventually lead to lower and more efficient prices.

Regulatory Framework for Next Generation Networks

4.41. The migration to Next Generation Networks (NGNs) has significant implications for the architecture and design of the access and core networks of the telecommunication sector. At a wider level, it also has implications for the service value chains and business models in the ICT sector. As a result of these changes the nature and scope of competition in the sector will be affected. This implies a need for regulatory changes such as adjustments in how markets in the sector are analysed and the design of appropriate remedies. In some instances, the changes in the character of competition associated with the migration to NGN could in the long term mitigate the need for ex ante regulation, however in the near to intermediate term important competition bottlenecks are likely to persist.

4.42. What is clear is that appropriate responses and potential regulatory instruments for an NGN environment might be different from those which the OUR currently utilizes. Adapting current regulation to NGN and transitional services may therefore not be the best way to proceed to achieve the best outcome for the development of NGNs in Jamaica. The establishment of clear and transparent NGN regulations will promote broadband and advanced services for users, promote innovations, and ensure customer security and protection. Besides improving competition and services for businesses and individuals, the establishment of an NGN regulatory framework will help to lower the overall financial costs of operators deploying and using NGN networks. It will also engender legal certainty for investment in Next Generation Networks. The framework will encourage efficient investment and use of investment in NGNs and associated services as well the maintenance of legacy networks. The reform of access rules
will reaffirm the importance of competition in the sector and at the same time preserve the incentives to invest by taking into account the risks involved in allowing access to NGN networks.

Pre and Post Number Portability Implementation Activities

4.43. Number portability (NP), the so-called last barrier to competition in a liberalized telecommunications market, is one of the tools available to a regulator to improve market competitiveness and provide consumers with the benefits of increased choice, lower prices and improved quality. NP gives consumers the ability to switch between telecommunications service providers without undue cost, anxiety and inconvenience which are likely consequences of necessarily having to change telephone numbers when switching service providers.

4.44. The OUR has been and will continue to be substantially engaged in the requisite pre-NP-implementation activities as a member of the Interim NP Working Group (INPWG) established by the Ministry, and of the associated Commercial/Business Subcommittee and Technical Subcommittee—as chair of the latter.

4.45. The OUR will continue to participate in: the development of industry number portability guidelines, and a Code of Practice; development of a revised NP implementation plan; and development of an NP test plan.

4.46. The OUR will conduct the selection (for licensing, in accordance with sections 10 – 13 of the Telecommunications Act) of a suitably qualified person to provide Number Portability Administration Services to licensed telecommunications carriers and service providers in Jamaica by means of a Central Reference Database and an automated Order Handling process for inter-operator communications.

4.47. The OUR’s post-implementation activities will include the identification and resolution of technical and commercial/Business issues associated with the fixed and mobile NP implementations, and after the NP Working Group ceases to exist, ongoing regulatory oversight of number portability administration.

Telecommunications Market Information Quarterly Report

4.48. Consistent with the OUR’s mandate to promote competition, the OUR collects and analyses data on the telecommunications. The continuous monitoring of trends and developments in the telecommunications sector allows the OUR to determine the level of competition in each of the telecommunications markets which it regulates. The OUR also compiles and publishes quarterly reports on information received from the telecommunication operators. The public availability of data for the telecommunications sector assists in raising the awareness about Jamaica’s status in international and regional fora and encourages investment in telecommunications projects and services.
STRATEGIC GOAL III:

4.49. Ensure the continued protection of consumers through empowerment and knowledge of their rights pertaining to ICT services as well as accessibility and the needs of persons with disabilities.

- **Strategic Objective 3.1**: Promote transparency and disclosure.
- **Strategic Objective 3.2**: Provide a sound framework for contractual services
- **Strategic Objective 3.3**: Ensure consumers including people with disabilities have easy and reliable access to ICT services
- **Strategic Objective 3.4**: Harness technology to provide consumers with the information they need to make smart decisions in their use of telecommunications services.
- **Strategic Objective 3.5**: Act swiftly and consistently in the use of enforcement authority to protect consumers.

Strategic Goal III Projects

4.50. In order to achieve Strategic Goal III the OUR has identified the following Projects:

i. Ensuring equivalence in access and choice for persons with disabilities;
ii. Review of Unfair terms in contracts;
iii. Audit of Mobile Signals; and
iv. Establish platforms which provide more information to consumers e.g. price comparison website, broadband speeds.

Ensuring equivalence in access and choice for disabled end-users

4.51. One of the objectives of the Telecommunications Act is the promotion of “the interests of customers, purchasers and other users (including, in particular, persons who are disabled or the elderly) in respect of the quality and variety of telecommunications services and equipment supplied.” Other jurisdictions have implemented initiatives to ensure that disabled consumers have equivalent access to and choice of services that are available to the majority of consumers. These initiatives include:

- ensuring that end-users are able to use text messaging to reach emergency call centres;
- providing specialized terminal equipment and services - telephones with large buttons for persons with poor vision; hands-free or loudspeaker options on handsets for persons who have difficulty using their hands and text and video relay service for deaf and hearing-impaired persons;
- subsidizing the prices for rental/purchase of specialized terminal equipment;
- allowing persons with disabilities to use the directory enquiry services free of charge; and
- providing billing and contractual information in accessible formats for different types of disabilities (e.g. audio format or Braille).

4.52. The OUR is of the view that ensuring the provision of services for Jamaican consumers with disabilities is becoming increasingly important to ensure that all Jamaicans can benefit from new ICT services and fully participate in the fulfilment of Vision 2030. Improved access to telecommunications services will allow persons with disabilities to participate fully in community life and feel the effects of social cohesion. The Project will assess whether or not access and choice for end-users with disabilities is equivalent and identify and implement measures to address issues identified with respect to ensuring equivalent access and choice.
Review of Unfair Terms in Telecommunications Contracts

4.53. The ability of sellers to structure their contracts in a one-sided fashion is generally due to them taking advantage of the classical theory of contract law which is based on the premise that people have the freedom to contract with whomever they like and on the terms that they like. The theory works however on the assumption that both parties to the contract have equal bargaining (negotiating) power and will therefore agree to terms that accord with their interests. However, this is not the case in the telecommunications sector where operators rely heavily on standard form contracts which contain terms that cause a significant imbalance in the parties’ rights and obligations arising under the contract.

4.54. Notwithstanding the caveat emptor principle, it is also often difficult, if not impossible, for untrained consumers to make a competitive comparison between operators’ offerings. Also in many cases no true alternative exists as the other operators’ standard contracts form will have similar, if not the same, terms and conditions. In many jurisdictions the onus is on the telecommunications regulator to protect consumers by ensuring that unfair terms are removed from contracts for telecommunications services.

4.55. According to Section 44(5) of the Telecommunications Act the Office may –
   
a) examine customer contracts in respect of facilities or specified services; and
b) direct the modification of any term of such a contract which appears to the Office to be unreasonable or unfair."

To date the OUR has generally refrained from intervening in contractual matters for telecommunication services in retail markets. There are concerns however, that some of the contract terms for retail telecommunications services such as long contract durations coupled with excessive early termination charges create barriers that unfairly prevent consumers from terminating services and switching operators. The OUR believes that it is therefore timely to review current industry practices to ensure that they remain reasonable and fair to both operators and consumers. The enforcement of unfair contract terms regulations will support competitive markets thus benefiting consumers and the economy as a whole.

Audit of Mobile Signal Coverage

4.56. The availability and quality of modern telecommunications services are critical elements for Jamaica’s economic success and social inclusion of all citizens. As outlined in Notice of Proposed Rulemaking – Quality of Service Standards for the Telecommunications Sector telecommunications licensees will be required to measure and report on several qualities of service parameters. However, the licensees will be reporting on a national basis which means that there may be cases where all operators have met the prescribed standard but consumers in pockets of the country may be experiencing no or poor quality service. An audit will allow the OUR to discover which areas of the country may be experiencing such problems thus giving the it a holistic view of the exact availability of mobile coverage and mobile services in Jamaica. By identifying areas in Jamaica that currently have and those that currently lack mobile coverage the results of the audit can also assist the OUR and Government in decision-making with respect to the provision of telecommunications services to those areas that are currently unserved or underserved.
Establish platforms which provide more information to consumers e.g. price comparison website, broadband speeds

4.57. The number of telecommunications offerings has increased over the last number of years, giving consumers greater choice when considering their telecommunications needs. The increased offerings have been accompanied with increasingly complex rate structures which impose different restrictions on the use of the service. For instance there is a range of mobile service plans offering different combinations of monthly charges, on/net and off/net rates, peak and off-peak rate, and free minutes/texts. Even in circumstances where the information available to consumers is not misleading, constraints on consumers’ ability to process information relating to the price and quality of a service can result in decisions that are welfare-reducing.

4.58. If prices are presented in a more comprehensible and standardised form this can assist consumers in their comparison of service offerings. Regulators therefore have a role to play in enabling consumers to make effective choices. This could be achieved by prescribing the manner in which operators should present information to their consumers or by the regulator establishing tools/platforms that provide price and quality (e.g. broadband) comparison information or accrediting intermediaries to provide such tools/platforms. Such tools could include calculators which allow consumers to enter preferences and usage pattern data to enable them to make price comparisons in complex markets. During the 2015/2018 period the OUR intends to develop and/or facilitate the development of tools which ensure the wide availability of effective price comparison information

STRATEGIC GOAL IV

4.59. Facilitate the availability of effective emergency access services as well as the availability of reliable, interoperable, redundant, rapidly restorable critical telecommunications infrastructures that are supportive of all required services

- **Strategic Objective 4.1:** Facilitate the deployment of emergency access services and technologies with greater capabilities.
- **Strategic Objective 4.2:** Develop measures for protecting the nation’s critical telecommunications infrastructure and facilitate rapid restoration of Jamaica’s telecommunications infrastructure and facilities after disruption by from cyber-attacks or any other cause

Strategic Goal IV Projects

4.60. In order to achieve Strategic Goal IV the OUR has identified the following Projects:

i. Develop Policy Paper on the Modernization of Emergency Services

ii. Develop Standards/Best Practices for Critical National Information Infrastructure

Policy Paper on the “Modernisation of Emergency Services”

4.61. Under Section 48 of the Telecommunications Act “every service provider shall take such steps as are necessary to ensure that, in relation to its retail public voice services each customer of that service can reasonably and reliably reach emergency services by dialling the numbers specified for use in connection with such services”. Recent developments have revealed that there is a need for a centralized emergency centre to handle all types of distress calls from citizens. Currently, calls to 119 are answered by the police while calls to 110, 112, 911 from all networks are being answered by LIME’s call centre.
LIME has advised the OUR that it no longer wishes to provide that service to other Licensees. Under the Act LIME is not obligated to provide such services to other Licensees. The OUR has since advised the Licensees of LIME’s intentions and commenced a dialogue regarding their obligation to take such steps as are necessary to ensure that emergency calls are being answered and routed to the appropriate emergency service.

4.62. In light of these developments, the OUR is of the view that the creation of a centralized emergency call centre may be a more efficient mode of handling emergency and should be explored. With such a set-up, all calls to national emergency numbers would be routed to the same call centre regardless from which network the call is placed.

4.63. Globally, emergency service providers are leveraging new mobile and fixed technologies to ensure that they can deliver emergency services in a more efficient manner. In the United States the introduction of enhanced emergency services has resulted in a physical address being automatically associated with the calling party's telephone number. In India, a non-profit organization offering emergency management services has devised a mobile application that automatically picks up the location of the caller and sends the information to a centralized call centre. With such services a caller's address and information is displayed to the person taking the emergency call immediately upon the arrival of the call. This type of service is particularly important in emergencies such as fires, break-ins and kidnapping where communicating one's location is difficult and/or risky. By providing emergency responders with the location of the emergency without the person calling for help having to provide it, enhanced emergency services can save valuable time in emergency response.

4.64. Another enhanced emergency service which needs to be explored is the ability to send a text message to reach emergency call centres from your mobile phone or device. In some emergency situations a call could further jeopardize someone’s life and safety and texting may be the only way to reach out for help. In addition, many Jamaicans with disabilities rely on text messaging as their primary means of communication.


4.65. Information technology has transformed the global economy and connected people and markets in ways never imagined. The number of production operations and human activities that directly or indirectly depend on ICTs is growing at a significant rate. Cyberspace provides a platform for innovation and economic development and therefore the means to improve the general welfare of the Jamaican citizenry. However, the multi-jurisdictional reach of cyberspace and the difficulties it presents for regulation pose numerous risks to nations, private enterprises, and individual rights. Globally, cyber threats such as targeting, phishing scams and data theft have been increasing in volume and sophistication. This coupled with the growing dependence on information and communication technologies, means that the risk to Jamaica’s economic and social wellbeing from cyber threats is high.

4.66. Worldwide, societies are becoming more highly dependent on information technology and this makes CNII a very attractive target for cyber security threats. Globally, there has been a significant increase in premeditated attacks. Such attacks have potentially catastrophic effects not just to the country whose CNII is the target of the attack but also to interdependent network and information systems globally. The increase in attacks, the rapidly changing, dynamic nature of cyber threats and the global connectivity of information technology systems makes it critical that Jamaica protects its CNII. The
recent IMPACT /ITU report on the “Readiness assessment for establishing a national CIRT in Jamaica” has also recommended that MSTEM and OUR encourage the use of Cyber Security standards and best practices that are relevant to the country.

4.67. It is envisaged that the cyber security standards and best practices for CNII will ensure that:
- businesses in Jamaica operate secure and resilient information and communications technologies to protect the integrity of their own operations and the identity and privacy of their customers; and
- Jamaica’s critical infrastructure and essential services are protected by improving their resilience to disruption from man-made hazards thus promoting economic stability.

STRATEGIC GOAL V

4.68. Ensure the efficient management of scarce resources
- **Strategic Objective 5:1** Ensure fair and equitable access to telecommunications numbers by carriers and service providers.
- **Strategic Objective 5:2** Ensure efficient and effective use of numbering resources to promote the growth and rapid deployment of innovative and efficient telecommunications technologies and services.
- **Strategic Objective 5:3** Ensure customers benefit from an understandable numbering plan which provides them with a broad indication of service and charges before they make a call.

Strategic Goal V Projects

4.69. In order to achieve Strategic Goal the OUR has identified the following Projects:
   i. Review and revision of the Jamaican National Numbering Plan, the National Dialling Plan, and the Telecoms Numbering rules.
   ii. Investigation and recommendation on charging for numbering resources.
   iii. Investigation and recommendation on extraterritorial use of Jamaican E.164 telephone numbers for nomadic telecoms services.

Review and Revision of the National Numbering Plan, Dialling Plan and Numbering Rules

4.70. Numbering is a scarce national resource and a key feature of the telecommunications infrastructure that facilitates the introduction of competition in the telecoms markets. Thus, as the industry evolves and available technologies continue to open the way to new number-demanding services and applications, the national numbering plans and supporting regulations must be adapted to ensure: relevance of the plans, adequate resource capacities to meet current and reasonably anticipated future needs of carriers and service providers, and the availability of effective controls to ensure competitive fairness.

4.71. This project will take account of locally implemented numbering changes and investigate other numbering developments internationally, to review and revise of the Jamaican National Numbering Plan, the National Dialling Plan, and the Telecommunications Numbering Rules.

Investigation and Recommendation on Charging for Numbering Resources

4.72. The matter of charging for numbers has been given consideration by industry authorities in several countries. Key reasons are: (1) holders of numbers make profit out of the numbering space they use; (2) the need to explore and assess the intrinsic value that certain numbers contain—golden numbers, especially those with mnemonics, may be considered to be worth more than ordinary numbers because
of their limited availability and the extra value associated with the services to which they provide access; (3) the general scarcity of the resource and the need for judicious use and conservation.

4.73. This project will investigate industry practices in relation to charging for numbering resources to advise on a framework of charging for primary and secondary assignments of numbers for public telecommunication services. The investigation will consider separate charging for regular and special numbers, auctioning of special numbers, leasing of numbers, etc. This is in anticipation of the legislation of current policy provisions that is intended to allow the OUR to charge for numbering resources.

Investigation and Recommendation on Extraterritorial Use of Jamaican E.164 Telephone Numbers for Nomadic Telecoms Services.

4.74. The deployment of broadband access and the use of VoIP technologies to provide commercial IP-based telephony services are rapidly providing an inexpensive alternative to traditional telephony services. IP-based telephony is a fast growing telecoms technology sector and has for some time provided potential business opportunities for local operators and increased service access to potential Diaspora customers. This project is an industry consultation on extraterritorial use of Jamaican E.164 telephone numbers for nomadic telecommunication services requiring the use of numbers.

Telecommunications Projects Risk

4.75. Changes to the scope of departmental commitments and changing industry circumstances and new developments are likely to result in the work plan being modified. Additional project risks may arise as a consequence of changes to the scope of a project following discussions/negotiations with the stakeholders. All the projects will necessarily involve a consultation process which can become extended as a result of stakeholders pleading inability to respond within proposed time frames. Developments and changes in the ICT sector take place at a rapid pace, and so there is always the risk that if policy is not sufficiently flexible as to adjust to or accommodate such changes it may be quickly rendered redundant.

4.76. For projects such as the Broadband Dashboard and the price/quality comparison platforms which requires extensive data collection and platform designs there are additional risks. To be effective, these initiatives require accurate and credible data with sufficient granularity in order to convey meaningful information to their users. The project requires acquiring data from multiple telecommunications providers, and while the OUR will be doing spot audits, much will depend on the accuracy of the data supplied by the providers. Technological issues such as component failure or design flaws are also a risk factor.

4.77. It is also the case that some of the identified projects are either not directly under the OUR’s control are contingent on progress on project initiatives that are outside of the OUR. In such instances there are risk that if the external parties fail to follow through this could jeopardize the timely completion or the success of the OUR’s projects.

4.78. The plan under discussion to effect institutional separation of telecommunication matters from the OUR’s remit may also slowdown or stymied progress on some of these projects during the transition period or even thereafter because of loss of synergy.
ELECTRICITY SECTOR

4.79. The national imperatives for this sector include: to diversify the energy supply mix; to promote energy efficiency and conservation; to implement least economic cost solutions for the supply of electricity; and to improve service delivery to consumers.

Goals

4.80. Within the parameters of the Government’s stated policy objectives, the developments in the sector, and the existing regulatory framework, the goals identified for the electricity and energy sector for the duration of this work plan are as set out below:

- Pursue regulatory initiatives aimed at lowering retail rates below US thirty cents per kilowatt hour in the medium term, and below US twenty cents per kilowatt hour in the long term, and to improve market efficiency.
- Maintain system stability and sustainability.
- Diversify the energy supply mix beyond what currently exists to reduce the country’s dependence on heavy fuel oil (HFO) over the medium to long term.
- Arrest the growth in electricity losses, and secure meaningful reductions in the medium term.
- Attain measurable improvements in the delivery of services to customers in respect of: service interruptions, variability and response to complaints (consumer protection), and greater consumer empowerment.

Strategic Objectives

4.81. To support the attainment of the goals cited above, the following objectives have been established:

i. create and maintain a regulatory environment that is conducive to attracting a diverse range of investment in the sector (private, public, private-public);
ii. ensure clarity and consistency in regulatory policy for the sector;
iii. make relevant information available to all stakeholders and in a timely manner;
iv. to the extent allowed by law, promote competitive solutions to the needs of electricity consumers;
v. increase the component of electricity supply provided from renewable sources;
vi. promote switching of fuel supply from expensive HFO’s to cheaper fuel sources;
vii. foster competitive electricity dispatch;
viii. establish and ensure smooth processes for interconnection with the grid;
ix. modernization of the different elements of the electricity infrastructure (generation, transmission, distribution); and
x. the creation and implementation of measures for timely resolution of consumer complaints.
Strategic Interventions

4.82. Some of the strategic interventions to support these goals and objectives are set out below.

1. The commissioning of appropriate research in respect of benchmarking, surveys, trend spotting, practitioner literature review, etc. to inform the Office on positions and decisions and to serve as a basis for appropriate policy recommendations to the Government.
2. To undertake an analysis of the Jamaica Electricity Sector Market Structure – to determine the market structure that will give the most efficient delivery of services.
3. To conduct least cost analysis, provide advice to the procuring entity and monitor the procurement, and the negotiation of IPP’s and construction processes.
4. Ongoing and intense surveillance of operational activities critical to final electricity costs: merit order despatch; fuel procurement and usage; IPP’s costs, third party services; etc.
5. To build local and where appropriate international coalitions to lobby for an improved policy and regulatory environment.
6. To continue and deepen the practice of cooperating and collaborating with other regulators, governments and multilateral institutions at the local and international level.
7. The selective use of external expertise, as appropriate, to deal with specialised issues and to supplement the work of staff.
8. To identify and utilise available external sources of assistance, and to take full advantage of associations with such agencies as the National Association of Regulatory Utility Commissioners (NARUC), Federal Energy Regulation Commission (FERC), the Organisation of Caribbean Utility Regulators (OOCUR), World Energy Forum, etc., to secure funding or reduce the costs of various regulatory initiatives.
9. Monitoring, supervision and surveillance to ensure strict adherence to codes, compliance with targets and enforcement of penalties.
10. Enforcement of a regime of reporting requirements, and the conduct of random audits.

Major Projects/Activities

4.83. The major activities the Office has identified as embodying its goals, objectives, and strategic focus are set out below.

REDUCING RATES AND INCREASING MARKET EFFICIENCY

Measures to secure medium to long term rate reductions include a judicious use of price control mechanisms, incentives for efficiency, employment of market mechanisms, modernisation of existing capacity, and securing significant generation addition.

JPS Price Cap Annual Adjustment

4.84. The non-fuel base rate for JPS is reset at five-year intervals in accordance with condition 15 of the JPS Amended and Restated All-Island Electric Licence, 2011. The latest Tariff Review was concluded October 2014. The regulatory framework for price controls is outlined in schedule 3 of the licence. JPS is expected to submit its next filing for rate adjustments on or before March 1, 2015, and subsequent
annual filings until March 2018. The licence states that if the filing is not deficient to the extent that it will prevent the complete evaluation of the application, the Office shall accept the filing within ten (10) working days following certified delivery.

4.85. The filings by JPS should include support for the performance indices, the Consumer Price Indices (CPI) and the proposed non-fuel based rates for electricity. The filings should be made to the Office at least sixty (60) days prior to the adjustment date of June 1, 2015. The OUR will also review the efficiency levels (system losses and the heat rate), and where appropriate adjust these in the tariff.

Risks

4.86. In the absence of an order from the Office rejecting/modifying/approving the rates; or if the Office rejects or modifies any portion of the rates upon the expiration of ninety (90) days after the acceptance of the filing, JPS may refer the matter to the Appeal Tribunal established under Condition 32 of the Amended and Restated All-Island Electric Licence 2011, for settlement. All parties have agreed to be bound by the decision of the Appeal Tribunal. The decision of the Tribunal shall become effective on the day of the Tribunal’s ruling.

4.87. If rates are not set to reflect reasonable and prudent costs and are biased in favour of:

a. JPS - consumers will end up paying higher than the fair price for the service;
b. Customers - JPS may not be able to recover a reasonable return on its investments and may suffer losses that could force the company into bankruptcy; and
c. The opportunity to apply for annual adjustments can be employed to raise matters that are to be addressed in a tariff review, which poses the risk that the price cap regime may tend closer to performing annual tariff reviews.

Accounting Separation Guidelines

4.88. “Accounting separation” involves the de-construction of a company's accounts in order that the costs and revenues associated with each production and/or service unit can be identified, functionalized and appropriately allocated. It is the OUR’s responsibility to:

a. develop and issue the Notice of Proposed Rulemaking to stakeholders;
b. conduct consultations on the Rules;
c. refine the Rules;
d. issue the OUR Determination on the Rules;
e. review JPS’s Allocation Manual;
f. review the accounts developed; and
g. make appropriate adjustments to the Rules.

Objectives:

a. to ensure that the services provided by the vertically integrated utility with respect to the use of the transmission and distribution grid or other approved internal services are done on similar terms to equivalent services it would provide for itself;
b. to ensure that the costs of generating units installed by the vertically integrated utility under competitive tender are separately accounted in relation to the other facilities it owns;
c. to facilitate effective monitoring of the cost, revenues and operations of the vertically integrated company with respect to the cross-subsidization of its products or services; and
d. to set up regulatory reference points that may be used to objectively assess the information provided by the vertically integrated utility in relation to special studies which may be required from time to time. These studies include, but are not restricted to, investigations into the cost of service, discriminatory pricing, predatory pricing and other forms of anti-competitive behaviour.

Risks:
- the feedback from stakeholders during the consultation process might be lukewarm;
- there might be resistance from JPS who might consider it intrusive and unnecessary;
- the delivery date as in previous years could be negatively impacted by unplanned activities.

Conversion of Bogue to Less Expensive Fuel

4.89. It has been established that converting the facility at Bogue to a lower cost fuel will afford a reduction in cost in the order of 3-5%, with a very short payback period. The OUR considers this a priority short term goal, and proposes to press for this conversion to be effected in the near term. Additionally, this is also expected to secure significant improvements in system stability and reduce complaints about failure to despatch within merit order. Monitoring of this activity and the savings that result from this conversion will be a major focus during the early months of the planning period.

Merit Order Dispatch

4.90. As stipulated at Condition 23 of the JPS 2011 amended All-Island Electric Licence, the OUR will provide the necessary oversight to ensure that the generation sets and each authorised electricity operator are dispatched in accordance with a merit order system that is least cost and in conformance with the Generation Code

4.91. The cost of fuel used for the production of electricity is treated as a pass-through to electricity customers subject to an efficiency adjustment, using the heat rate target set by the OUR. This approach was adopted with the aim of providing incentives to JPS to improve the overall energy conversion efficiency of its generating system, and to provide a degree of flexibility for operation under adverse system conditions beyond its control.

4.92. The report of a Management and Operational Audit commissioned by the OUR in the 2014/15 fiscal year underscored the need for the OUR to interrogate the dispatch function performed by JPS and which is reported on daily. The report also recommended that there should be a specific requirement for JPS to flag and include in its reports to the OUR any system constraints which result in out of merit operations of a plant.

4.93. Consistent with these recommendations, the OUR will develop an appropriate incentive mechanism informed by technical audits, that will incentivise JPS to address any constraints which result in out-of-merit operations of any plant

4.94. The expected outcomes of this exercise are:
- transparency and proportionality in applying the efficiency adjustment to the fuel cost to be passed on to the customers;
- JPS is incentivised to dispatch efficiently and thereby recover its fuel costs through economic dispatch;
- fair allocation of the benefits of renewable generation. This will result in reduced fuel costs to customers; and
- de-coupling of the IPPs’ heat rate from the system heat rate calculation/fuel cost adjustment since the customers already absorb IPPs’ fuel cost, based on the contracted heat rate in the PPA’s. This will result in reduced fuel costs to customers.

**Economic Procurement of Fuel and Scrutiny of Fuel Inventory and Use**

4.95. It is proposed over the period of the plan, 2015/2018, to review the fuel procurement mechanism to determine whether there is any potential for more cost effective procurement/sourcing of fuel by the power generation companies. This will involve exploration of possible incentives to encourage the construction/lease of storage facilities.

4.96. An audit of fuel management for the sector was also completed in 2014/15. That audit raised a number of concerns that require further examination and may require regulatory interventions by the OUR. It is therefore anticipated that resources will be devoted to these activities over the work plan period, 2015/2018.

**Risk**

4.97. As fuel cost is subject to the pass-through mechanism, the consumer may have to pay uneconomical fuel rates which account for over 60% of the total electricity bill, if there is insufficient scrutiny. Effective fuel management is also necessary if rate payers are to be protected from the risk of losses from such occurrences as pilfering and higher costs from poor inventory management.

**Review of the Electricity Market Structure Arrangement**

4.98. The importance of competition as a means to enhance efficiency and consumer welfare is gaining momentum in almost all sectors and in all parts of the world. In the electricity sector different restructuring models have been employed by various countries to guarantee efficiency and consumer welfare. Notwithstanding the introduction of competition in the generation market modelled on the basis of the All-Island Electric Licence, 2001, Jamaica is yet to show significant benefits from progressive reforms in liberalizing the sector.

4.99. It has therefore become necessary to review the current market arrangements with a view to offering policy advice as appropriate, and implementing regulatory arrangements where necessary. Specifically, the review will focus on addressing anomalies in the regulatory framework that may be inhibiting growth.
STABILITY AND SUSTAINABILITY

Integrated Resource Plan

4.100. Work on the development of an Integrated Resource Plan (IRP) which includes a Least Cost Expansion Plan as a critical component started during fiscal year 2014/15, and is expected to extend into fiscal year 2015/16. The IRP aims to establish a framework for the development of the Jamaican electricity generation sector to provide a secure, reliable and efficient supply of electricity over the long term at least cost. Essentially, the IRP seeks to evaluate the technical and economic components of all feasible generation alternatives, and provide information and advice to facilitate the selection of the optimal generation expansion solution for the electricity sector and, by extension the country, over the long term.

4.101. The specific objectives of the IRP are:

a. to satisfy present and projected system demand over a twenty (20) year period at a specified level of reliability, at lowest possible cost;

b. to evaluate various fuel supply options in order to determine the appropriate fuel/technology mix for the future, taking into consideration the need for diversification and reduced dependence on fuel oil;

c. to estimate the capacity requirements for the electricity generation system over a twenty (20) year planning horizon, based on different assumptions, to inform the generation procurement process;

d. to evaluate the participation/integration of renewable energy technologies in the country’s energy supply mix;

e. to determine the present value costs associated with different generation development sequences/trajectories subject to different assumptions and constraints, and to assess variations in costs when the estimated outcomes for key variables are changed; and

f. to provide results and recommendations to facilitate the achievement of the National Energy Policy (NEP) objective of developing a diversified, secure and sustainable electricity system for the country in the future.

4.102. Strategically, the IRP provides a basis for assessing the risks and costs associated with input energy supply and electricity generation in the country, and for addressing the need to direct the country along a more sustainable path.

Risks

4.103. It is critical that decisions to expand the electricity supply system are informed by a well-developed IRP. The potential risks of not doing this are as follows:

a. misalignment of the demand/supply balance, resulting in system security/reliability issues;

b. stranded capacity/over build, leading to increased electricity prices;

c. under build, resulting in frequent and extended power outages, increased electricity prices;

d. delayed retirement of old equipment, resulting in inefficiency, increased electricity prices;

e. loss of investor/industry confidence, which would have a negative impact on capital investment;

f. financing difficulties;

g. failure to achieve desired fuel diversification objectives; and

h. cancellation of planned projects/investments.
4.104. Normally, an IRP encompasses planning periods of twenty (20) years or more, of which the capacity requirements and network expansion/enhancement for the first five (5) years will be the focus of a procurement process, and expansions identified for later periods will be subject to regular reviews to reflect the effects of changes in relevant conditions.

Transmission System Assessment

4.105. The framework for long term planning of the electricity system in Jamaica dictates that the Generation Expansion Plan (GEP) and outcome of any generation procurement process should form the basis for the expansion or reinforcement of the transmission system.

4.106. Based on the orientation of the electricity system, the proximity of the main load centre relative to any proposed plant location suggests that electric power will have to be exported from the point of production to the point of utilization. This requires an assessment of the transmission system for adequacy in anticipation of any new generation capacity.

4.107. This activity will require the grid operator to conduct a technical and economic assessment of the transmission system to determine the cost, adequacy, reliability, security, and stability of the system to transport the power from the proposed generation facility to the load. This will include, load flow studies, short circuit studies, transient stability studies, steady-state stability analysis and voltage stability analysis.

4.108. The OUR will subsequently carry out independent technical and economic evaluation of JPS’s study to determine the least cost solution. Without this assessment, there will not be sufficient and precise information on the cost and capacity of the transmission system to reliably transport the power to the load.

4.109. If the transmission system is not optimal the following undesirables are possible:
   - reduction of system reliability, which will result in increased supply interruptions;
   - transmission congestion, which will result in power flow disruptions and increased costs to customers;
   - increased line losses, which will translate into higher costs to customers; and
   - constraints on the generator due to line capacity limit, which will result in lower dispatch of efficient generating plants, leading to higher costs of electricity.

FUEL DIVERSIFICATION

Facilitating Investment in Renewable and Other Fuel Sources

4.110. Procurement of additional capacity fuelled from such sources as natural gas, coal and renewables is critical to reducing electricity costs. The OUR is no longer responsible for procurement but proposes to offer support both in terms of assisting with technical analysis and establishing an economic environment favourable to investment.

4.111. In order to assist this process, the OUR proposes to construct models for shadow pricing and to update estimates of avoided costs to provide a basis for comparison and decision making.
LOSS REDUCTION

Efficiency Improvement/Demand Management/Loss Reduction

4.112. To be done after tariff review determination.

As part of its determination on the JPS 2014 tariff application the OUR has determined a number of initiatives to be pursued to reduce losses (technical and non-technical).

SERVICE DELIVERY AND CONSUMER EMPOWERMENT

Cost of Un-served Energy (COUE) Study

4.113. The value of un-served energy is an economic concept that is intended to measure electricity consumers’ willingness-to-pay to avoid supply interruptions or, conversely, the willingness of electricity consumers to accept compensation for supply interruption. The COUE is the value (in US$ per kWh) that is placed on a unit of energy not supplied due to supply interruptions.

4.114. The objective of the COUE study is to determine the COUE that will result in the optimum level of system reliability and cost to the utility and to its customers.

4.115. The study will focus on the following approaches to estimate COUE:
- value of production loss for each unit of power outage (production loss method);
- cost of alternative or back-up power generation (captive generation method); and
- willingness-to-pay (WTP) for reliable and uninterrupted electricity supply (WTP method).

4.116. The results from the study will provide guidance to the regulator and the utility on the consumers’ perceptions of quality and availability of power supply, and their willingness-to-pay different or higher tariffs for an improved power supply.

Risks

4.117. If a COUE study is not done, the true value of un-served energy will not be established. This means that the reference value of COUE which was derived in a 1991 study may not be presently reflective of optimum system reliability and cost to customers.

4.118. The impact of inadequate system reliability of the Jamaican electricity system will be:
- frequent interruptions in supply to electricity customers; and
- the cost associated with the outages.

The cost impact on customers due to supply interruptions are:

- direct costs – these are the immediate expenses or losses that arise as a result of an outage. These costs include start-up and shut-down costs, spoilage, and additional wages costs. These costs tend to have a greater impact on commercial and industrial customers;
- indirect costs – this refers to the COUE for which no payment is made that can be directly associated with the outage, nonetheless there is a cost or a foregone benefit. These costs include ‘annoyance’ or ‘inconvenience’ for residential customers or foregone sales for commercial and industrial customers.
It is important to note that these costs will be difficult to quantify and will be assessed as part of the COUE study.

4.119. Based on the work schedule and resource requirements, this project will not commence before fiscal 2015/16. Prior to commencement of the project, a regulatory impact assessment (RIA) will be done to quantitatively evaluate the costs and benefits of this activity.

Wheeling Framework

4.120. Electricity wheeling refers to the transportation of electricity across the power grid by an entity producing its own power, to another geographic location where it is consumed. For such a service the entity would be required to pay a fee for the use of the transmission and distribution lines.

4.121. The goal is to implement the wheeling framework established in the OUR’s Determination of July 9, 2013 which was facilitated by the Amended and Restated All-Island Electric Licence, 2011.

4.122. The implementation of the framework will involve:
- an agreement with JPS on the implementation timetable;
- the finalization of (a) the Self-Generation Licence; (b) the Wheeling Code; (c) the Wheeling Contract; (d) a set of Supplementary Contracts;
- additional training on conducting annual updates to the model;
- the modification of the model to capture system losses in the wheeling charges;
- recalculating wheeling rates based on 2013 data; and
- reviewing the wheeling billing process.

Objectives

4.123. Objectives of this project include:
- to implement a practical and transparent framework for the provision of wheeling services on Jamaica’s transmission and distribution network;
- to ensure that the instruments of the framework established, facilitate the efficient wheeling connections to the grid;
- to approve wheeling rates that are fair, cost reflective and consistent with the existing regulatory framework; and
- to conduct a Regulatory Impact Analysis to understand the degree to which the objectives were in line with the effects, as well as to identify unintended consequences, if any.

Risks:

4.124. There are a number of risks attendant on the implementation of this regime, viz:
- a contrary ruling from the Tribunal which would further delay the process;
- resort to the courts after the Tribunal’s decision;
- resistance to implementation of the framework by way of administrative and compliance delays;
- glitches in the development of a relevant billing system for wheeling;
e. higher wheeling rates than expected by the public.

Revised Net Billing Regulation

4.125. The Standard Offer Contract with respect to the Net Billing Regulation has been developed to assist Jamaica in meeting its renewable energy supply targets by providing small electricity generators with a standard pricing regime. The Pilot Project was implemented on May 31, 2012, and came to an end on April 30, 2014. At the time of preparing this work-plan, two hundred and four (204) licences had been issued and one hundred (100) customers had been connected to the grid. A revised net billing regulation will ensure continued empowerment of the consumers while at the same time ensuring network stability.

Risk

4.126. Some of the risks attendant on this project are:
- any revised changes to enhance implementation processes (administrative and compliance delays); and
- constraints on the scope of the net billing offer due to yet-to-be-determined network constraints.

WATER AND SEWERAGE SECTOR

4.127. For the water sector, the overall focus remains that of ensuring that Jamaica’s water resources are sustainable so as to provide for the nation’s social economic and environmental well-being. Ultimately the aim is to provide affordable access to potable water and to sewerage services for all of the populace. Critical elements in getting to this objective are significant loss reduction, improved efficiencies, securing timely capital investment, measurable service expansion (reach and constancy of supplies) and fostering a culture of ongoing customer service improvement.

Goals

4.128. Having regard to the Government’s stated policy goals, the existing structure of the water and sewerage sector and the legal framework, the goals for the water and sewerage sector are:

- Increased access to potable water and sewerage services in keeping with the objective of universal access to potable water;
- Efficient, sustainable and quality of service oriented water and sewerage service providers.
- Securing measurable improvements in service delivery with respect to the availability and reliability of potable water and sewerage services;
- Ensuring that regulatory decisions regarding water and sewerage services take account of environmental concerns;
Strategic Objectives

4.129. The following strategic objectives will be pursued to achieve the goals set out above:

- Establish a regulatory environment that encourages and facilitate ease of investment in the water sector;
- Provide stakeholders in the water sector with relevant information on a timely basis;
- Implement a range of enforcement tools to encourage efficiency and compliance with good quality and customer care standards;
- Adopt a regulatory approach that facilitates to the extent allowed by the existing policy and statutory framework, competition for and within the market;
- Creating a culture of target setting and performance measurement in the water sector; and
- Facilitate and drive public, private and public-private investment in the water and sewerage sector.

Strategic Interventions

4.130. The OUR proposes to make a number strategic interventions to secure goals set for the sector.

- provide critical policy, analytical and operational support to the government in its thrust to adopt and promote an Integrated Water Resources Management approach;
- continue to press for the passing of a comprehensive Water Supply and Sewerage Services Bill to strengthen the regulatory framework for water and sewerage services provisioning;
- employ such tools as: benchmarking, the use of surveys, trend spotting, ongoing survey of the practitioner literature and international networking to ensure that Jamaica adopts best practices to deliver potable water and sewerage services to all citizens;
- foster and enhance collaboration with other agencies with interest in the water sector;
- identify and utilise available external sources of assistance;
- promulgate rules and regulations to ensure consistency and certainty in the regulation of the sector and to assure consumers of minimum quality standards;
- design and implement incentives regimes aimed at encouraging good practices by all licensees.
- monitoring and surveillance to ensure strict adherence to codes, compliance with targets and enforcement of penalties;
- ensure strict compliance with ‘K’ Factor rules and reporting requirements.
- measure, monitor and report on critical water sector variables.
Major Activities

4.131. The major activities the Office has identified as embodying the goals, objectives, and strategic focus indicated above are discussed below under the goals to which they give greater support. Even so, it is recognized that the goals are supported in varying degrees by each work plan activity. Notably the efficiency, sustainability and quality of service goals are treated together while the environmental goal is treated as incorporated into all activities.

INCREASING SUPPLY AND ACCESS

Survey of Water Needs and Geographic Capacity Planning

4.132. The purpose of this project as envisaged is to determine the water needs of Jamaica, the potential for providing solution to the shortfall and to inform sector planning. Some of this will be a detailed review of geo-information on existing water and sewerage networks (location, capacity, consumer base, etc.), projections for increase demand for these services (based on planning, economic growth, location etc.) and assessment of potential sources of supply (capacity, cost, environmental consideration, etc). Some of the activities will be desk based but it is envisaged that the services of independent consultants/professional will also be to undertake this activity. A major consideration will also be to ensure that there is the engagement of all key stakeholders.

Position Paper on Split Supply of Water and Sewage

4.133. Conventionally where sewerage service is provided with potable water, the charge for sewerage is levied at 100 of the water charge. The Office signaled in its 2013 Determination on National Water Commission’s tariff that there is need to separate these charges and begun that process by determining different rates for water and for sewerage. There is however a need to refine the measures used to have a more efficient determination of these rates.

4.134. An important project in the current work period will therefore be to prepare a position paper on the establishment of consistent and objective rules and standards to regulate providers who have joint customer bases. This will be done through thorough research and analysis of similar situations that exist in different countries. The paper will also examine the pros and cons of allowing one company to provide sewerage services and another to provide water services to the same consumer. The Office is also of the view that there is need for a significant influx of investment in the sewerage sector and that the establishment of structured rules to govern each activity will greatly aid this process.

National Water Commission’s Impact Tariff

4.135. Impact fees are a charge on new developments to help fund capital improvements. A number of new development projects are taking place and in some cases these can be served by the existing National Water Commission (NWC) network, but other developments either require the construction of new facilities, or significant expansion to NWC’s existing network, before the developments can be served.
4.136. The NWC has highlighted that in cases where new infrastructural projects have to be initiated to serve a development, an impact fee should be charged to assist in offsetting a portion of the capital cost required to construct the desired water or wastewater facility to enable that new development.

4.137. An impact tariff also applies in public private partnership where the NWC may contract with private companies to provide improve services.

4.138. Benefits:

- protecting existing customers from additional costs that can be linked to specific new developments;
- protecting existing infrastructure from being overworked which can lead to high maintenance costs; and
- improving the service provided to new developments.

Regulatory Assessment of Water Re-use

4.139. Growing water scarcity worldwide and the need to protect public health and the environment pose challenges for water professionals in implementing integrated management of water resources. Water re-use is considered as a competitive and viable water source option. It also potentially opens up opportunities for additional revenue streams for providers. The OUR deems it important as the regulator, to consider beforehand any regulatory implications of such development and how it might facilitate potential investment in this area. It is therefore intended to develop a position papers exploring the opportunities for, the regulatory implications if any, the nature of the market for this type of service and the environmental consideration.

EFFICIENCY, SUSTAINABILITY AND QUALITY OF SERVICE

K-Factor Audit

4.140. The purpose of the K –Factor project audit is to determine if the programme is being carried out effectively; the existing systems for administration and implementation are in place, and that the approved projects are completed and are producing the desired results. The result of the audit is intended to aid with the overall assessment of the programme in respect of providing information on the following:

- whether the overall objectives of the K-Factor programme are being met and to what extent;
- whether the programme has the requisite systems in place;
- how K-Factor funds are deployed by NWC;
- whether Non-Revenue-Water (NRW) is being reduced by K-Factor expenditures;
- if the connection of sewerage systems to the Soapberry Plant is occurring as it should and;
- if the volumes of sewerage from the individual systems and communities to the Soapberry Plant are being achieved; and
- the extent to which NWC is utilizing the K-Factor proceeds to bring sewerage facilities in compliance with NEPA standards;
4.141. While the procurement phase of the project is expected to be completed in fiscal 2014/2015, it is expected that the actual audit will be undertaken (or completed) during fiscal 2015/2016.

Water and Sewerage Sector Bi-Annual Report

4.142. The OUR has taken a decision to publish bi-annual reports outlining activities in the water and sewerage sector. This is not only consistent with the Office’s obligation to ensure the timely provision of information to stakeholders but is also consistent with the Office’s view that increased information enhances transparency and facilitates empirically based decision making. This is also in accord with and should assist the Office’s emphasis on target setting, measurement; benchmarking and trend analysis.

4.143. The aim is to have reports published within sixty days of the relevant six month period. Reports will be made available on the OUR’s website.

Rate Regime – Small Private Providers

4.144. Jamaica’s water sector policy encourages the participation of private water and/or sewerage providers. Presently, there are fourteen (14) licensed providers. The OUR is required to carry out economic regulations of the activities of all fourteen providers. These activities include:

- determining an economic rate that will ensure cost recovery and also give a fair return on investment;
- implement and oversee the periodic (monthly and/or annual) adjustments to address exogenous changes in costs.
- public education of rate payers;
- undertake performance reviews and data collection.

Among the private providers for whom tariff are expected to be reviewed during the next three years are:

- Can-Cara – January 2016
- Dairy Spring – April 2015
- Runaway Bay Water Company – April 2015
- Dynamic Environmental Management Limited October 2016

NIC Tariff Review

4.145. The National Irrigation Commission (NIC) is the leading provider of irrigation water in Jamaica. The Commission also provides bulk water to some major operators in the sector. In theory the NIC is expected to supply service at an economic rate.

4.146. A review of NIC’s application for a tariff review is now an annual exercise, and is expected to remain so until a price cap arrangement is implemented. Because of government policy of providing a subsidy to
irrigation rates, the Office is required to determine both the economic rates and the subsidised rates for such services. Ultimately however, the rates charged to users reflect the extent of subsidy the government is prepared to provide. The availability of irrigation water is critical to the development of the agriculture sector and so the Office considers its regulatory activities in this area to be a critical input in national development.

4.147. In addition to the expectation that it will be required to determine NIC rates generally, there are a number of specific irrigation projects for which rates have to be determined based on specific project costs. Thus the Office expects that it will again be called upon to review individual irrigation schemes, and to make recommendations on rates and basic quality of service standards for them.

NWC’s Mid- Tariff Review

4.148. The OUR will conduct a Mid- Tariff Review for the NWC specifically on the Standards Scheme and the K-factor variable that was approved in the 2013 Tariff Determination Notice. This will provide a good opportunity to look at, inter alia: the progress of K-Factor approved projects, the impact of quality of service changes and the effect of NWC’s compliance with the various determinations set out in the 2013 Tariff Determination Notice.

Risks

4.149. The work programme for the water and sewerage sector faces a number of risk which the OUR will need to manage and mitigate. Some of the immediately foreseeable risks include:

1. **Objections** – this may apply particularly as it relates to activities included under heading of expanding access and supply that these are matter of policy and therefore outside of the Office’s remit - The challenge will therefore be to ensure that the requisite policy approvals and inputs are provided and that there is appropriate coordination and cooperation with all critical stakeholders;

2. **Resource constraint** – The OUR will face some resource constraints in undertaking the activities identified both in respect of competing demand (planned and un-planned) on existing personnel but also in respect of the range of competences that are required to effect the scheduled tasks. It is therefore expected that there will be a need to supplement the OUR resources with some third-party services.

3. **Procurement Delays** – It is the OUR’s experience that there can be significant delays resulting from the procurement process. The plan is therefore to seek to mitigate this risk by more careful planning and early start to this activity where it is possible.

4. **Un-planned Activities** – The experience in the past is that, even with contingencies, there are unplanned activities that can significantly disrupt the work programme. The strategy to manage this risk remains that of building in contingencies into the plan but also to undertake such frequent periodical reviews as to take account of required changes in emphasis, activities and schedules.
5. **Delays and Lack of Compliance by Service Providers** – This risk relates particularly to the timely submission of information, scheduled applications and requests for extensions by service providers. These occurrences sometimes reflect capacity constraints and congested regulatory timetable. In the case of lack of compliance, the OUR will increasingly resort to the use of enforcement measures but remains cognisant that the process for enforcement can in itself be time consuming.

6. **Inadequacy or Limitations in the Provision of Information** - Some providers – particularly smaller operators, may find it a challenge to furnish the data requested by the OUR in fulfilment of periodic information requirement or to support a robust tariff review. In such instances there may be a need for judicious employment of benchmarks.

**MONITORING ACTIVITIES ACROSS ALL SECTORS**

4.150. A critical function of the OUR is its on-going monitoring of the activities of the regulated entities, and the status of their operationalization of Office Decisions and compliance with its determinations. In this regard the major goals for monitoring during the planning period are:

1. Ensuring that the OUR collects the appropriate information from regulated entities to enable it to assess the extent to which the goals articulated for the various sectors are being met;
2. To make information available to the Office on a timely basis to determine the extent to which: (a) its regulatory work programme is on track; and (b) if there is compliance with Determinations, Orders, Licence Conditions, etc;
3. Provide timely notice to the Office of the need for and focus of enforcement actions.
4. Provide the OUR with the critical competencies and information to conduct regulatory impact assessment of its decisions.

4.151. A non-exhaustive discussion of the activities and projects that will be the subject of special monitoring during the work plan period in a bid to achieve the identified goals are set below.

**Development of a Monitoring Framework, System, and KPIs**

4.152. Maxwell Stamp PLC consulting firm was contracted through the World Bank funded ESEEP project administered through MSTEM to develop a Monitoring Framework System, and KPIs through:

- Reviewing the existing monitoring activities and systems of the OUR and
- Making recommendations for an effective monitoring framework, systems, KPIs and uses of the best international practices to guide the OUR in developing this area.

**Risks**

If an effective Monitoring Framework, System and KPIs are not developed and implemented, this will affect the ability of the organization to ensure that it is achieving definitive objectives for each sector as they pertain to national development and the achievement of Vision 2030.

4.153. Developing the monitoring framework, systems, KPIs will assist the Office to:

- promote effective regulation by evaluating existing and proposed policy / standards / regulatory action against defined objectives;
• deliver credible deterrence across the range of regulatory functions;
• ensure visible and meaningful consequences for businesses who fail consumers and who do not comply;
• achieve the greatest positive impact by targeting enforcement resources and powers.

Objective and Goals for Monitoring

4.154. Developing the monitoring framework, systems, KPIs

• Define and confirm the objectives for each sector – 1st quarter
• Define and confirm indicators to be used and their definitions to create a master list of the Key Performance Indicators– 1st quarter
• Establish protocols and reporting templates to inform the Regulatory Database interface -2nd Quarter
• Review and revise as necessary OUR’s reporting and coordination arrangements: conduct gap analysis. -2nd Quarter
• Documenting the framework in line with ISO standards -2nd Quarter
• Prepare compliance report on the sectors re: determinations and data requests – Quarterly

Diversification of Energy Supply

4.155. Vision 2030 emphasizes the need for energy security and efficiencies. The realization of this goal will be through diversification of the energy supply mix, promotion of energy efficiency and conservation, and implementation of least economic cost solutions for the supply of energy, including source, conversion and distribution.

4.156. So whereas the procurement function in respect of new capacity has been removed to Cabinet, existing projects as listed below, are to be completed to PPA sign-off with the Grid Operator during fiscal 2014/15 and thereafter construction is scheduled to begin.
• Three Proposals out of the 115MW Renewable Request for Proposals Process
• JPS new Maggotty Hydro
• Wigton II wind farm

4.157. The OUR, through its monitoring unit will pay close attention to the schedule for these facilities as they move into the closure of the negotiation phase and into the construction phase. The OUR, will also at the least, need to shadow the procurement of new supplies particular with respect to the effect on pricing, timely capacity addition and grid stability as these are factors that touch and concern its regulatory remit. Monitoring will be required to ensure that the OUR is able to discharge this responsibility efficiently.

Quality of Service to Customers

4.158. Improving service delivery to consumers is a critical objective for the Office. The Monitoring Unit will have the task of checking the utilities’ response to directives in a timely manner. There will be spot audits of the generation despatch system and other consumer related concerns. There will also be strict monitoring of the service level agreements arrived at in the prevailing tariff regime.
General Counsel Department

4.159. The Legal Department’s work programme will be substantially informed by the work programme and priorities of the Office and the other departments. Nevertheless, the Department recognises that the legal and regulatory framework under which utility entities operate is critical to their efficient performance and that of the market. The Department has outlined the following strategic goals regarding the provision of legal support services:

Strategic Goal No. 1

Ensure that the OUR is positioned as a relevant regulatory agency in the regulated sectors, contributing to the implementation of public policy as defined by Parliament, and to the economic growth and prosperity of Jamaica.

4.160. The Department reconfirms its role to identify lacunae in the legal and regulation frameworks, provide legal assistance to the development of high quality policy options and advice to relevant Government ministries. By so doing, it will ensure that changes in policy and any adopted legislation are proportionate and practical, support investment in the respective sectors and deliver benefits to consumers.

4.161. As has been demonstrated in the past, it is anticipated that the Department’s staff will be substantially involved in the following existing and proposed legislation:

(a) Amendments to the OUR Act: Amendments are to effect recommendations aimed at, inter alia, correcting several deficiencies in the Act, aligning the enforcement and consumer protection provisions with those specified in the Telecommunications Act. The proposed amendments which facilitate the implementation of the OUR’s strategic plans will be pursued with the Government.

(b) Telecommunications Act: The 2012 amendments to the Telecommunications Act have necessitated the promulgation of various rules and regulations most of which has already commenced but will be completed in the 2015/16 FY: Number Portability Rules; Infrastructure Sharing Rules; Dispute Resolution Rules; Quality of Service Rules; Consumer Complaints Procedures; Powers of Investigation, Search and Seizure Rules; Unfair Contract Terms Rules; Forbearance Rules; and Fixed penalty offences.

(c) Electric Power Sector Policy and Legislation: Although it is projected that the new electricity legislation will be promulgated before the commencement of next financial year, we expect that there will likely be significant and substantial implementation work arising from the new legislation and regulations over the course of the 2015/16 FY.

(d) Information and Communications Technology (ICT) Legislation: In furtherance of the Government’s ICT Policy including the promulgation of modern ICT legislation and the establishment of a stand-alone ICT regulator, it is anticipated that the OUR will be called upon to advise the MSTEM and provide feedback to the consultants engaged by MSTEM as it seeks to implement the policy.

(e) Natural Gas Legislation:
The OUR has commented on the draft policy and legislation developed by the consultants engaged by MSTEM that will govern the proposed gas sector in Jamaica. It is anticipated that the OUR will continue
to be engaged in stakeholder consultations and will be called upon to review draft legislation, and provide general advice and information to MSTEM throughout the process.

(f) Water Sector Policy: It is anticipated that in the 2015/16 FY the OUR will be making representations, and have discussions with the Ministry of Water for the drafting and passage of legislation specific to the water sector.

**Strategic Goal No. 2**

*Provide efficient, quality legal support and well researched, robust and timely legal advice to the organisation.*

4.162. The Department provides legal support for all regulatory and non-regulatory activities, and seeks to operate in a manner which minimizes the likelihood of challenges and ensures successful judicial review of OUR’s decisions. Therefore, the Department will continue to use its legal expertise and knowledge, and harness internal efficiencies to support the achievement of the OUR’s overall strategic goals. Particularly, the Department will continue to provide high quality advice, assist the organization to quickly respond to the resolution of licensees disputes and all legal challenges to the OUR’s decisions, and where necessary, to engage and manage the services of external legal counsel.

4.163. In so doing, it is hoped that from the output, stakeholders and consumers will have an improved understanding of OUR’s decisions, increased understanding of the need to operate in an organized and predictable regulatory framework, and an increased recognition of the OUR as a source of regulatory expertise and knowledge.

4.164. The Department’s priorities include continued input in the following:

(a) Review of Consultation Documents, Office Determinations and other regulatory instruments.
(b) Review and finalisation of the OUR’s Rules of Practice and Procedure, that is, how the OUR interfaces with its stakeholders.
(c) OUR’s observance of due process and compliance with all legal requirements in discharging its functions.
(d) OUR’s Operations Manual that is the revision of internal policies to ensure an effective quality management system.
(e) All aspect of procurement activities.
(f) Preparation of legal opinions and advice to all internal departments.

**Strategic Goal No. 3**

*Maintain and enforce the existing legal framework of the OUR and sector specific legislation to secure an enabling environment for the efficient functioning of utilities and the speedy resolution of disputes.*

4.165. Well-functioning markets and consumer confidence are critical indicators of a working and efficient regulatory regime. It is therefore necessary for licensees to meet their obligations and for the OUR to maintain a watchful eye. Where necessary, the OUR has to take action, including enforcement action, to make sure that licensees honour their obligations, do not distort the market, observe the rules, treat
customers fairly and deal with complaints effectively. In this regard, the Department assists the other departments in:

(a) The licensing process by conducting legal evaluations.
(b) The conduct of OUR investigations into allegations of breaches of the relevant legislation and/or regulatory instruments, including preparing the Office to conduct hearings.
(c) The resolution of consumer-related disputes.
(d) The preparation of enforcement and remedial orders, memoranda and directives to licensees.
(e) The management of legal proceedings involving the OUR, including the preparation of instructions and briefs to external counsel.

**Strategic Goal No. 4**

**Ensure adequate human resource capacity in order to achieve the Department’s strategic goals and the efficacy of the organization.**

4.166. With the rapidly changing global and local economic and business environments, it is imperative that the Department’s staff in giving advice fully appreciate changing regulatory environments, the commercial realities, changing technologies and international best practices. There will be continued focus on building resource capacity. Hence, the Department will continue to enhance and develop the professional expertise of its staff members including the provision of sector specific training and peer networking.

4.167. This will ensure improved skills, motivation, output and support, and maintenance of quality standards for the enhancement of a stable legal and regulatory regime which adequately responds to a challenging local environment of each sector.

**CONSUMER AND PUBLIC AFFAIRS**

**Major Activities**

4.168. The Consumer and Public Affairs (CPA) Department will seek to accomplish a number of activities in the fiscal year 2015/16. The major activities are listed below:

**Parish Connections**

4.169. This project is one of the planks of the OUR’s public education programme. It aims to facilitate active communications channel and to re-establish continuing consumer and stakeholder dialogue so that there can be a two way flow of information to the OUR on their various concerns. It will also allow utilities to share information on projects and development of issues with consumers on a planned and consistent basis.

4.170. It is also intended to maintain contact with consumers, in between Rate Review consultations to keep the utilities true to the promises they make to consumers at that time.
4.171. Creating this dialogue will build awareness about the local sector issues as well as help us to gain a better understanding of consumers’ perceptions and priorities. It is expected that we will use the channel to listen and the utilities will use it to ‘tell’ and ‘listen’ in order to work towards delivering viable solutions for consumers.

The activities may include but are not limited to:

- School Visits
- Service Clubs – Speaking Engagements
- Meeting with Large Stakeholders
- Consumer Day Expo/Exhibit*
- Town Hall Meeting

4.172. The OUR intends to stage activities in about eight parishes, with no less than three activities in each.

National Integrated Communications Programme

4.173. The recommendation of Market Research Services Limited, which executed the national consumer research, was that the immediate focus for the OUR should be in its communication and education of all its stakeholders not so much about its role and mandate but about its initiatives and programs. This communication program also ought to seek to position the OUR as really independent and free of political involvement as such a reputation will retard the credibility of the organization.

4.174. The work plan will therefore focus on delivering a national integrated communications programme guided by the research findings and using the measurement therefrom as the baseline year.

4.175. Specialist services in advertising and public education will be procured to guide the delivery of the integrated strategic communications plan and its outputs which is national in reach, for the period. The consultant firm will: Manage and execute the plan, using communications tools and strategies as well as traditional and non-traditional media channels; address any existing communication gaps and deliver key messages to the utilities consumers as well as measure and evaluate the success of the plan.

4.176. The next national survey will be due in 2016 and activities for the procurement, planning and design will for this begin in 2015.

Sector and Stakeholder Engagement

4.177. Apart from the regulated entities, the OUR’s regulatory work touches on several key stakeholders and participants: the consumer groups, including: The Consumer Affairs Commission; the National Consumers League; the Consumer Advisory Committee on Utilities; central Government and other agencies: the Cabinet Office; Bureau of Standards; the Ministry of S.T.E.M.; Ministry of Water, Land Environment and Climate Change; the Office of the Contractor General; the NCC; private sector groups, such as the JEA, JMA and the PSOJ as well as academia, the UWI, UTech and NCU. There is a felt need to co-ordinate communications across these several organizations so that the OUR’s key messages and output are delivered to them in a consistent manner.
4.178. The Department plans to assist with the development and management of a sustained communication and engagement programme with these key entities. The plan will also incorporate feedback mechanisms to record and respond to the reactions.

Review of Processes

4.179. The performance of the appeals process is collected and stored by the CARS database and a Customer Feedback Form. The information from the database and the Feedback Form is analysed to assess performance against the process timelines. In relation to the performance against the process timelines, each activity in the process, which includes acknowledgement, Case Letters preparation, Review and Analysis, and Final Letter preparation, is assessed against the established timelines in order to measure if the standards are being met. An assessment of the performance of the Appeals Process over the six (6) month period November 1, 2013 to April 30, 2014 revealed the following threats, risks and constraints:

Referral/Complaint, etc. – on a monthly basis, approximately 70% of the contacts received are referrals which demand impacts on the time available for the investigation of appeals Human Resources.

- An Efficient Database – improvements are needed to the CARS database so that it can generate relevant and accurate reports.
- Timeliness of Provider Response – when provider responses are not received within the agreed timeline, it reduces the possibility of completing the review within the process timeline.

4.180. The following activities are proposed for implementation to solve these issues:

- Conduct a work-flow analysis to examine the departmental activities to:
  - Identify processes (for e.g. referral, communications) that need to be mapped;
  - Identify areas for improvement (structure, human resources etc.) and whether additional resources are needed;
  - Investigate the need for penalties/sanctions for Providers who fail to respond within the agreed timeline;
  - Improve the deliverables and the technical capabilities of the Consumer Affairs Response System

Codes of Practice for Complaints Handling and Customer Service for NWC and JPS

4.181. The purpose of this Code of Practice is to set out the principles, requirements, services and actions a customer can reasonably expect from the Jamaica Public Service Company Limited (JPS) and the National Water Commission (NWC). The documents are to be guidelines to which customers can refer as a means of identifying their rights and obligations, and to ensure that conducting business with the company is measureable, and they are able to gauge their satisfaction.

4.182. The rules being developed will govern how complaints are handled and customers are treated at the various customer service departments of the utilities.
Development and Implementation of Standards for the JPS and NWC Call Centres (Call Centre Monitoring)

4.183. This is to establish minimum service standards for all the call centre operations of all utility providers in a situation where the trend has been for operators to out-source this service. The OUR has deemed it necessary to review and develop these standards because of the challenges that have been expressed by utility consumers. The standards are intended to, inter alia, ensure that calls are answered within the prescribed time-lines and the duration of the call. Industry wide consultations will take place on these issues in the upcoming financial year.

Audit of NWC Billing System

4.184. Satisfaction with the various service providers ranges between low to moderate with the lowest satisfaction being reported for JPS (44%) and the highest for LIME (72%). Concerns around JPS’ bills drive the level of satisfaction achieved by this company.

4.185. While consumers say that their JPS bills are always or most times based on meter readings – 39%, the majority remain convinced that changes in the JPS bill are controlled by JPS and not really a function of their own consumption. This view negatively impacts their acceptance of their JPS bill. An even larger proportion of consumers believe that the NW C bills are always or most times based on meter readings - 53%. (Ref. OUR National Consumer Survey 2014)

4.186. This is being proposed to ensure that NWC has the procedures and systems in place to accurately bill its customers. This will involve the Department’s preparation of the Terms of Reference; procurement and selection of vendor and implementation.

Development and Implementation of Guidelines for the Conduct of Meter Inspections and Audits for NWC and Review of JPS’ Documentation

4.187. Electrical energy and water consumption measurements for revenue purposes have been correctly treated in many countries as a legal measurement and therefore meters that measure these commodities undergo independent accuracy verification on an on-going basis. Countries organize differently to carry out this accuracy verification check on meters.

4.188. The OUR pursuant to its powers under the Act considers it necessary to order implementation of a meter testing programme in which the tolerance of meter measurements will stay within acceptable levels on a continuous basis. The new guidelines are being proposed to prescribe the administrative and testing procedures for revenue meters installed by the NWC to measure consumption and to review the current JPS Protocol on Administrative and testing procedures.

Telecommunications Sector

4.189. In support of the OUR’s strategic goals for telecommunications, viz., to ensure the continued protection of consumers through empowerment as well as ensure accessibility for persons with disabilities”, the work of the department, will seek to: Harness technology to provide consumers with the information they need to make smart decisions in their use of telecommunications services; act swiftly and consistently in the use of enforcement authority to protect consumers and publish relevant information so that the public can make informed choices in a competitive environment.
4.190. Develop a public education campaign and provide sustained support for the OUR established quality of service standards for wholesale telecommunications services/facilities and provide communication support for the rules developed for the sector. The implementation of quality of service standards for wholesale telecommunications services/facilities will ensure that providers of these service/facilities adhere to standards sufficient to ensure an open and efficient telecommunications marketplace. The programme will also seek to support the activities implemented to establish platforms which provide more information to consumers e.g. price comparison website, broadband speeds.

4.191. The Consumer and Public Affairs (CPA) Department will seek to accomplish a number of activities in the fiscal year 2015/16. The major activities are listed below.

Implementation of National Consumer Survey.

4.192. No study has been conducted over the last four (4) years and so this financial year the services of Market Research Services Limited were procured in September 2013 to implement this project. The market research study, which is both quantitative and qualitative, is designed to evaluate the consumer’s perceptions of the utility providers and the OUR as well as utility provider’s perception of the regulator. The main objective is to further explore the attitudes and perceptions of the target audiences. The information gathered from the research will be used to benchmark consumer satisfaction levels as well as to inform the development of a communications strategy to strengthen the organization’s image and respond to the public education and other needs of its stakeholders.

Merger of the functions of the OURIC and the Records and Information Management (RIM) Unit.

4.193. The OUR’s Information Centre (OURIC), functions as a Unit of CPA, and inter alia, manages the documents and publications of the OUR. The RIM Unit is responsible for all organizational records, regardless of format, throughout the record lifecycle. The merger seeks to standardise and consolidate the records management function in support of policy formation, managerial decision making and protection of the interests of the OUR and its stakeholders. It will promote consistency, continuity, efficiency and productivity, assisting the OUR to efficiently deliver on its mandate. Strategically the RIM function also supports the organization’s effort to achieve ISO 9001:2008 certification within fiscal year 2014/2015.

4.194. The OUR recognizes that its records are a vital corporate asset, providing evidence of its actions and decisions during the course of its regulatory business activities. In recognition of the fact that the proper management of this corporate asset is necessary to support core functions, to comply with legal and regulatory obligations and to contribute to the overall efficient management of the organization, a merger of the functions of both units was proposed. During the upcoming year the functions and the Unit will merge seamlessly within the Department and deliver on its strategic goals. Specifically to:

- ensure prompt, easy and secure access to information and records as needed;
- standardise the organization of resources;
- implement an electronic records management programme;
- improve the physical infrastructure for secure storage of our records; and
- create a digital library (catalogue/full text).
Review of Guaranteed Standards Mechanisms

4.195. The OUR established guaranteed service standards scheme for JPS and NWC as an incentive to improve efficiency in their service delivery. The scheme has a mechanism to compensate consumers for breaches of the standards. In some instances, compensation is automatically credited to the affected customer account, while the customer is required to submit a claim for other breaches. The review of the Guaranteed Standards Schemes of all utilities will be an on-going exercise to ensure compliance with new directives, and in keeping with changed and changing consumer issues. The Guaranteed Standards for the National Water Commission (NWC) underwent a complete review in the financial year 2013/14 as a part of its tariff revision. A similar review is being done for the Guaranteed Standards of JPS as a part of its tariff revision to be completed in fiscal year 2014/2015. Following on the Auditor General’s critique of the effectiveness of the GS, an annual internal review of the mechanism and its effectiveness is being pursued.

Quarterly Performance Report for the activities of Consumer Unit and all major service providers.

4.196. The OUR’s Guaranteed Standards Scheme aims to improve the efficiency of service delivery of utility providers; however, it is not achieving the intended objective. This was further compounded by OUR’s decision to cease publication of breaches of the Guaranteed Service Standard and customers’ entitlements since 2009. From 2008 -2012, NWC and JPS compensation based on consumers’ claims was only $206,000 (or 0.09 per cent) of $223.9 million and $59.9 million (or 8 per cent) of $709.1 million respectively. This low level of claims has not acted as an effective driver of efficient performance for service providers.

4.197. The OUR agrees with the findings of the Auditor General that the compensation mechanism is not assisting OUR in achieving its legislated mandate to undertake such measures as it considers necessary or desirable to protect the interests of consumers. OUR has intensified its survey of compliance with these standards and as a vital part of this exercise has ensured that the publication of Quarterly Performance Reports which sets out inter alia, details of all claimable breaches committed by the utility providers. This will serve to provide a monitoring tool and will assist with the determination of what additional regulatory interventions are required.

Public Education Programme.

4.198. The OUR’s public education for the upcoming year will include coverage of Number Portability and Area Code Relief Planning. Following the publication of the findings of the National Survey, a comprehensive publication and communications programme, that will involve a re-positioning of the OUR will be created for the financial year 2015/16. A proactive and strategic public education programme will be undertaken in full to effect the desired behaviour change in the public awareness and attitude towards the OUR. This will enhance consumer awareness and organizational reputation.

JPS Terms and Conditions of Service.

4.199. This will, among other things, include a meter inspection protocol.

The rules being developed will govern how complaints are handled and customers are treated at the various customer service departments of the utilities.

4.201. The implementation of the Development and Implementation of Standards for the JPS and NWC Call Centres (Call Centre Monitoring).

Industry wide consultations will take place on these issues in the upcoming financial year.


This is being proposed to ensure that NWC has the procedures and systems in place to accurately bill its customers. This will involve the Department’s preparation of the Terms of Reference; procurement and selection of vendor and implementation.

4.203. Terms and Conditions for Operators of Water Trucks which supply potable water.

The Terms of Reference for this project are complete, and a draft will be made available for comment and consultation. There will be need for further research to develop additional rules and regulations to govern the industry.

Internal Audit

4.204. The Internal Audit function will continue to provide the OUR with value added recommendations to improve controls; mitigate identified risks and increase efficiencies within operations. Some of these measures include:

- planned audits to strengthen processes and compliance;
- efficient allocation of audit resources;
- strengthening institutional capacity within the Department through training and benchmarking best practices.

ADMINISTRATION/HUMAN RESOURCES MANAGEMENT

The following are the plans for the Administration/Human Resources Department for the fiscal year 2015/16:

- in consultation with Heads of Departments, to establish a more strategic training and development programme for staff, and to assist in a greater level of worker empowerment; and succession planning;
- to ensure that the OUR continues to be in full compliance with all government procurement guidelines;
- to ensure that in addressing employee issues, every effort will be made to ensure that the organization is in full compliance with the local labour relations code of practice;
- to continue to lobby the Ministry of Finance for additional benefits for staff;
- to continue to provide a clean and healthy work environment for staff in keeping with the requirements of the Organization Health & Safety Act, and the ISO 9001:2008 Standards;
• where staff recruitment is necessary, to seek to find the right fit for the OUR in terms of qualifications and work attitude.

General Activities

4.205. Succession planning: This is a process of identifying and developing team members with the potential to fill significant higher level positions in the organization. Effective, proactive succession planning reduces the risk of any breakdown in operations during any absence of the incumbent. Heads of Department/Supervisors have a critical role to play in this process;

• Performance Appraisal: Liaise with all members of the senior management team in ensuring that all their team members have a work plan and performance objectives which clearly set out the specific tasks/activities to be performed, the key performance indicators, and the expected results for future performance. Every effort must be made to ensure that all team members are fully knowledgeable of the strategic plan for their department and ultimately of the organization. In the implementation of the Balanced Scorecard system which was recently introduced to the organization, it is mission critical that measurable targets be established and effectively communicated to all team members as this is how the organization will achieve its strategic objectives;

• In addressing employee issues, every effort will be made to ensure that the organization is in full compliance with the local labour relations code of practice;

• Training and Development: Employee training and development are part of good management practices, and also good risk management strategies. In a constantly changing regulatory environment, the OUR must ensure that the members of its professional/technical team are kept abreast of world trends through continuous learning.

The focus will be on more in-house training and development programmes so that more team members across departments can benefit; this will also be more cost-effective. This will also include greater use of online training. It is expected that these initiatives will have a positive impact on job performance, and ultimately on the organization.

• Compensation & Staff Benefits: A compensation and employee benefits survey will be commissioned during the first quarter of the Financial Year 2015/2016, which, together with data from the Jamaica Employers Federation, (JEF) Annual Salary Survey will form the basis of a submission to the Ministry of Finance for a review of the classification scales. Most members of staff are either approaching, or have been at the top of their salary scale, some for more than two years. Other employee benefits such as Health Insurance, Wellness Programme, Clothing Allowance and Lunch Subsidy will also be reviewed;

• Employee communication is a top priority for the Administration/HR Department, and the use of SharePoint in the communication process is being promoted. In addition, the monthly Meet & Learn sessions will be further developed.
A Human Resources Survey will also be conducted to provide information on how the Department can better serve the staff.

- Talent Management: A very important element of the balanced scorecard system is for the OUR to ensure that the right persons are recruited, trained and fully equipped with the necessary competencies to move the organization forward. In this regard, during the first quarter of the Fiscal Year all Job Descriptions/Job Specifications will be reviewed in consultation with the relevant Department Heads/Supervisors to ensure that the requisite core knowledge, skills and abilities are clearly outlined, so that the right persons can be recruited and trained as necessary. As it relates to the performance appraisal process, all Supervisors will also be trained to conduct effective and efficient performance appraisals;

- Other administrative responsibilities – Asset Management, Inventory Control, Procurement of Goods, Works and Services – great focus will be placed on ensuring full implementation of all responsibilities, and that the professional established procedures are strictly adhered to. With respect to employee health and wellness, at least one team member from each department will be trained in Cardiopulmonary Resuscitation (CPR) First Aid, to assist in case there is an emergency at the office.

INFORMATION TECHNOLOGY

4.206. The IT Department in the 2014/15 fiscal year, developed a number of systems/solutions that will be used to improve effectiveness and efficiency of the operations of the OUR. The major projects are listed below. These projects include:

- Implement Video Conference Equipment: The installation of video conference facilities in all the conference rooms.
- Establishment of a hot site
- Institute a Bring Your Own Device (BYOD) policy: The establishment of policy with a proactive governance framework which should include sanctions for non-compliance that are aligned to the HR policy.
- Security Audit: An independent security audit of the IT systems security should be performed annual to locate any weakness in the OUR systems.
- Automation of office systems: The development of system of Stationary Requisition System and Equipment Requisition System to improve the management and record keeping of stationary and equipment requested by departments.
- Regulatory Management System: The development of a Regulatory Management System to supply information on the performance and monitoring of the OUR licensed entities.

FINANCE

4.207. For fiscal year 2015/2016, the Finance Department will continue with the documentation of its policies and procedures.
Independent Advisory Council on Finance and Administration (IACFA)

4.208. In the fiscal year 2015/2016, the IACFA will continue its efforts at getting the responsible officers to prepare or update manuals. These include: the Finance; Administration and Human Resources; the Internal Audit; and the Information and Technology Manuals.

4.209. The Council seeks to strengthen internal controls as identified in the Internal Auditor’s reports and will give special attention to IT project upgrade and improvement.

QUALITY MANAGEMENT SYSTEM

4.210. The Quality Management System (QMS) will be evolving from a project geared towards ISO certification to a programme that is integrated into each Department to improve the effectiveness and efficiency of the operations of the OUR. Projects to be undertaken include:

Transformation of QMS Steering Committee into a Quality Council
The functions of the quality management system steering committee (QMSSC) will no longer be required after ISO certification. The QMSSC will be morphed into a Quality Council (QC) which will have responsibility for the ongoing activities of the quality management system.

- Documentation of all Business Processes and Procedures
  The documenting and updating of the OUR Operations Manual with previously undocumented processes and procedures will continue.

- The Management of all Risks
  The development of a risk management framework for each department and unit, and a comprehensive risk register and mitigation strategy for the organization.

- Business Continuity
  The development of a comprehensive business continuity plan for the OUR.

- The Digitization of OUR Documents
  The digitizing of all the documents of the organization, so as to achieve:
  - integration with the organization’s procedures for disaster recovery and backups;
  - greater integration with business applications: integration is one of the fundamental pillars of document management, since many business applications produce documents, and also many applications that exploit them;
  - a reduction in the need for staff members to access the physical documents of the organization;
  - an improvement in the search and research ability of the documents and records of the organization;
  - the potential reduction in physical storage space.

- Inventory of Records
  Execute inventory of records at off-site storage facility.
5. BUDGET - FISCAL YEARS 2015/2016

5.1. Overview

The budget submitted by the Office of Utilities Regulation (“OUR”) for fiscal year 2015/16 is approximately $624m. This figure represents the net expenses of running the organization together with the cost of replacing several capital items. The budget for the previous year (2014/2015) was approximately $573m. The budget for 2015/2016 represents an increase of 9% over that for the last fiscal year.

The budget has been developed on the assumption that the rate of inflation during the year will be 7.8% and that the rate of exchange will be 113 Jamaican dollars to 1 U.S. dollar.

Table 1 attached, summarizes the cash requirements for fiscal years 2015/2016, 2016/2017 and 2017/2018. Table 2 shows the allocation of the 2015/2016 budget across the sectors. Table 3 indicates the capital expenditure planned for the ensuing year.

5.2. Budget Items

5.2.1. Payroll and Payroll Related Expenses

In fiscal year 2015/2016, total payroll costs amount to J$368m, an increase of 2% of the last budget. Payroll related costs which include statutory deductions and benefits were included in the budget.

Table 5.1 below provides the projected staffing levels by department for the ensuing budget period along with the comparative figures for 2014/2015.

It is proposed to fill all the vacancies shown in Table 5.2 by fiscal 2015/2016 provided we have the approval of the Ministry of Finance.

<table>
<thead>
<tr>
<th>Department</th>
<th>Budget 2014/15</th>
<th>Actual – Oct 2014/15</th>
<th>Diff - Budget v Actual</th>
<th>Budget 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and Human Resource (Admin/HR)</td>
<td>9</td>
<td>9</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Regulation, Policy, Monitoring &amp; Enforcement</td>
<td>19</td>
<td>16</td>
<td>-3</td>
<td>19</td>
</tr>
<tr>
<td>Consumer and Public Affairs (CPA)</td>
<td>10</td>
<td>9</td>
<td>-1</td>
<td>10</td>
</tr>
<tr>
<td>Legal</td>
<td>5</td>
<td>4</td>
<td>-1</td>
<td>5</td>
</tr>
<tr>
<td>Office</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Secretary to the Office (STTO)</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Finance</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>57</strong></td>
<td><strong>-5</strong></td>
<td><strong>63</strong></td>
</tr>
<tr>
<td>Post</td>
<td>Department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Officer</td>
<td>Legal Department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Records Information Officer</td>
<td>Consumer and Public Affairs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RPME</td>
<td>Admin Assistant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Analysts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The budgeted number of staff members has increased to sixty-three (63).

### 5.2.2. Training and Development

It is projected that the training budget will increase by 8% compared to the budget 2014/2015. In addition to overseas training, a number of training will be conducted locally. As is customary, the OUR will seek grant funding from donor agencies such as the World Bank and the Inter-American Bank to off-set other training costs.

### 5.2.3. Foreign Travel

The budget reflects a 41% increase for foreign travel. The Director General being new to the organization is expected to attend a number of conferences where the OUR’s presence may be required as well as for keeping abreast of situations that may affect the regulation of the sectors.

### 5.2.4. Repairs and Maintenance

There is a projected decrease of 30% in this expenditure.

### 5.2.5. Information Technology

There is a significant decrease of 41% in this expenditure as a number of the activities done last year will now allow for greater efficiencies in this area.

### 5.2.6. Printing and Stationery

There is a projected increase of 8% in this expenditure.

### 5.2.7. Telephones

There is a projected increase of 41% in this expenditure. The amount for telephones was under-budgeted in the previous year.
5.2.8. General Expenses

This expenditure item is projected to increase by 5% compared to the budget of 2014/15.

5.2.9. Public Education and Public Relations

There is a projected increase of 5% in this budgeted item. This is in keeping with the activities planned in the Consumer and Public Affairs Department as shown in Chapter 4.

5.2.10. Annual Report

Costs for the production of the Annual Report are projected to increase by 8% compared to the budget of 2014/15.

5.2.11. Consumer Advisory committee on Utilities (CACU)

Expenditure for this budget item is projected to remain the same when compared to 2014/15 budget.

5.2.12. Motor Vehicle Expenses

Motor Vehicle expenses are budgeted to increase by 19%.

5.2.13. Consultancy Services

Consultancy services are expected to increase by 51% (percent). A list of the major consultancy projects planned for the year 2015/16 is provided below:

<table>
<thead>
<tr>
<th>Regulation, Policy, Monitoring &amp; Enforcement</th>
<th>US$ (000)</th>
<th>J$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Reviews (Telecoms)</td>
<td>90,000</td>
<td>10,170,000</td>
</tr>
<tr>
<td>Network Audits (Telecoms)</td>
<td>90,000</td>
<td>10,170,000</td>
</tr>
<tr>
<td>Review Electricity Market Structure</td>
<td>40,000</td>
<td>4,520,000</td>
</tr>
<tr>
<td>K-Factor Audit (Water)</td>
<td>100,000</td>
<td>11,300,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Office</th>
<th>US$ (000)</th>
<th>J$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy (Various Sectors)</td>
<td>30,000</td>
<td>3,390,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Information Technology</th>
<th>US$ (000)</th>
<th>J$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Security Audit</td>
<td>30,000</td>
<td>3,390,000</td>
</tr>
</tbody>
</table>
5.2.14. Professional and Legal Fees

Professional and legal fees have decreased by 6% when compared to the budget for last fiscal year.

5.2.15. Office Rental

There is a projected increase in office rental of 33%.

5.2.16. Advertising

This item is projected to increase by 8% over last year’s budget.

5.2.17. Depreciation

For the purposes of producing its financial statements the OUR provides for depreciation on its assets using the appropriate rates of the relevant asset. However, since depreciation is not a cash item it is not included in the determination of the OUR’s funding needs.

5.2.18. Membership dues

Membership dues are projected to decrease by 3% over the budget for the previous fiscal year. Of the $17m budgeted, fees to ITU, CTO & CTU account for $14m.

5.2.19. General Consumption Tax

The OUR is now mandated by law to pay GCT on goods and services, hence this provision is made to offset this cost.

5.2.20. Capital Expenditure

Capital Expenditure is projected to increase by 62% when compared to 2014/2015 budget. A significant amount is to purchase capital items relating to information technology. The OUR is also expending on equipment to enhance document management.

5.2.21. Interest Earned

Interest earned is projected to increase by 40%.

5.2.22. Allocation of Budget to Sectors

Regulatory Fees have been allocated to the different utility service sectors on a basis that reflects the time and resources to be expended in work related to each sector. The percentage of the budget allocated to each sector is:
The total amounts to be recovered from the different sectors based on the budget are as set out below:

Table 5.3 Percentage Allocation of Costs to Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percent contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014/2015</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>42</td>
</tr>
<tr>
<td>Electricity</td>
<td>42</td>
</tr>
<tr>
<td>Water</td>
<td>15</td>
</tr>
<tr>
<td>Transport</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

5.3. Telecommunications Sector

There are three main providers of Telecommunications services and a number of smaller operators. The main providers will be allocated a portion of the budget based on the gross revenues reflected in their audited financial statements. With regard to the small providers, a minimum fee of $300,000 will continue to be charged to holders of Carrier licences. In the case of Service Provider Licensees the minimum fee will remain $50,000.

5.4. Electricity Sector

With regard to the assessment of regulatory fees for Jamaica Public Service Co. Ltd (JPS), this will be calculated on the revenues net of Fuel and Independent Power Producer (IPP) charges. For this assessment, the audited financial statement for the year ending December 2013 will be used to assess the regulatory fees.

Small providers are required to pay a regulatory fee as stated in the respective licences.

5.5. Water Sector

The assessment of the regulatory fees for the National Water Commission will be net of NIC and other small water providers.
6. CONCLUSION

6.1. The management team at the OUR remains committed to ensuring that the highest standards are maintained in all areas by pursuing the strategic realignment of its operations, and prudent management generally, to realise a positive outcomes. During the year, the OUR sharpened its efficiencies by boosting and strengthening its internal operations, which will serve to usher the OUR towards the achievement of the International Organisation for Standardisation ISO 9001:2008 Quality Management System (QMS) certification. This certification allows the OUR to benchmark its operations against global standards.

6.2. During fiscal year 2014/2015, while some of the targets defined were delayed due to unplanned activities, the OUR is on track to complete most of these projects within the fiscal year, while some will be carried forward to fiscal year 2015/2016.

6.3. With regard to the next three years, the programme of work will be driven by a number of imperatives some of which are outside the Office’s control. Additionally, the OUR will continue through with the process of change management, risk management, staff development, accountability and stewardship.

6.4. In a bid to ensure that it is compliant with its statutory obligations while curtailing costs, the Office has set out a work-plan that will require optimal use of budgeted resources. The Office will need to continue the practice of drawing on third party services over the next three years to assist with more specialized activities. Notwithstanding, the Office remains conscious that this is no substitute for ensuring that it recruits and trains the requisite cadre of staff to ensure institutional sustainability.

Among the more critical assumptions underlying the plan are:

• that the legislative changes and policy initiatives on which the timetables are based will hold;
• that the policy environment will remain reasonably predictable and stable;
• that such emergencies as arise will not be beyond the Office’s ability to adapt and to outsource;
• that the Office will be able to undertake a significant degree of outsourcing;
• that the utilities are fully resourced to respond to the initiatives of the Office in a timely manner; and
• that the Office will be accorded full devolution of authority under the PSTU initiative and will implement an appropriate de-concentration of this authority strategy to ensure that employees are able to execute their responsibilities effectively within the established parameters for their accountability as part of the Office’s agreed performance regime.

6.5. It is accepted that the programme will be subject to such modifications as may be required given the dynamics of the regulatory environment for each sector.

6.6. Notably the underlying philosophy for the work programme is that there will be a conscious attempt to stimulate competition across all sectors subject to the varying policy and legislative frameworks. The OUR will continue its effort of placing emphasis on monitoring and supervision and especially on quality of service.

6.7. While the Office will remain neutral in terms of choice of technology it will consciously seek to ensure that there is opportunity for the deployment of new technology and the facilitation of innovation. The same philosophy applies with regard to fuel sources although the OUR has to give clear regard to the
Government’s policy choices. The Office expects that this Business Plan will be a tool for measuring its achievements at each review.
Appendix I: OUR Organisation Chart 2015/2016
Appendix II: Management Accountability Framework (MAF)

Governance Elements

i. The government in the Vision 2030 has emphasized accountability and good stewardship as successful traits in an organization. The matrix in this appendix outlines the OUR’s MAF.

Entity Values

ii. The OUR has developed a Code of Ethics Document which will be used to guide staff actions at all levels.

Learning, Innovation and Change Management

iii. The OUR awaits the outcome of the recommendations made in the green paper submitted by the Public Sector Transformation Unit (PSTU). In preparation for the recommended devolution of authority, the OUR has made some changes in its organizational structure. There may be need for additional changes which the OUR will seek to manage seamlessly. The OUR will continue to conduct frequent reviews involving staff at all levels. In terms of training and performance evaluations the following are agenda matters to be continued in the next three years:

- The OUR is committed to staff development and an objective appraisal of staff performance;
- The Standard Operating Processes document that was completed in fiscal 2013/2014 will continue to be used for the fiscal 2015/2016 for the purposes of training and staff development; and
- The Office will continue its proactive approach of building in-house capacity by a mix of local and overseas short term training, skills transfer through working alongside consultants as counterpart staff, participation in online training, continued interaction and exchanges with other local or international regulatory agencies and bodies, and, where feasible, identify and fund long-term training for staff with specific bonding commitment to the OUR to keep the Office staff on the cutting edge of developments within the industry.

Results and Performance

iv. The OUR will continue its accounting and reporting of activities on a quarterly basis to the Ministry of Finance. Support to the PIOJ will continue in the delivery of data and other reports on a periodic basis.

Accountability

v. The OUR has been compliant with approved financial authorities and other entities as evidenced through the annual audited financial statements, periodic Auditor General’s reports and reports from the Office of the Contractor General (OCG).

vi. The OUR also seeks to be compliant with its statutory mandate and although there are limitations or weaknesses in the current legislation, the OUR ensures that there is fairness and balance in its Directives.
On matters of procurement and purchasing, the OUR is already compliant with government procurement guidelines. The OUR in its quest to become ISO 9001:2008 certified is in the process of developing a robust quality management system. Process maps and procedures documents have been developed and are being used to conduct performance audits with a view to have continuous improvements to our management systems.

vii. The OUR, pursuant to Section 3 of the Act and Section 28 (1) of the Interpretation Act, has set up an Independent Advisory Council on Finance and Administration and this council has played and will continue to play an important role in the OUR’s good governance initiative.

Stewardship

viii. The OUR will continue to improve and strengthen controls relating to assets, money, people services and other areas, and to ensure that the underlying principles are clear to all staff. The areas of focus continue to be:

- transparency in operations;
- internal policies and procedures developed to allow appropriate level of stewardship responsibility to staff;
- management systems that provide relevant information and warning on resources, results and controls;
- procurement and asset management procedures published;
- annual audits by external auditors; and
- compliance with policies, regulations and legislation.

Citizen-focused Programmes

ix. The activities of the Consumer and Public Affairs (CPA) Department are in part driven by the work done by the Regulation, Policy, Monitoring and Enforcement Department and so it will be seen that in a number of areas the CPA Department’s work parallels the activities of that Department. This is particularly notable in respect of planned consultations on a number of tariff applications and the development of standards. Other activities planned are:

- an extensive public consultation programme on the projects in the work programmes will be developed and executed.

Risk Management

x. Preliminary work in the development of suitable risk analysis commenced in the 2013/2014 Business Plan. The areas below remain current for the plan of action in fiscal 2015/2016:

- proper controls will be put in place and staff trained in mitigation procedures;
- risk based audit plans to be approved by the Director-General and the Independent Advisory Council on Finance and Administration (IACFA);
- Improving state regulatory outcomes by adopting “risk-aware regulation,” focusing attention on the relative risk of resource choices in addition to their costs;
- Developing regulatory models that respond to a changing utility business models and enable industry transformation;
• Making reforms in wholesale market structures for both organized markets and traditionally regulated markets, and
• staff trained in contingencies.
People

xi. An essential success factor for the according of full devolution of authority to achieve the organization’s performance targets will be the design and implementation of an appropriate level of devolution to “line authority” that will enable employees to make operational decisions that will benefit the industry, in terms of the quality and timeliness of service delivery.

xii. Leadership training and motivational seminars have been held for the majority of the professional category of staff. The remaining activities of ensuring that employees providing services, be they internal or external, are suitably empowered will be done.

Linkages to the Vision 2030

xiii. The OUR has aligned its Business Plan with the objectives of Vision 2030, as it recognises the critical role which it has to play in Jamaica’s social and economic transformation and development. The OUR can make a significant contribution to national development particularly in the following areas:

- by ensuring a facilitating policy, regulatory, and institutional framework for business development;
- by lowering utility costs, improving the quality of service, and improving reliability and competitiveness, thereby delivering benefits to consumers, and improving Jamaica’s overall economic competitiveness;
- by modernising Jamaica’s utility infrastructure, and enhancing its sustainability. This includes, but is not limited to, diversifying the energy supply, and promoting energy efficiency and conservation; ensuring adequate and safe water supply and sanitation services; expanding the broadband network island-wide; developing a modernised public transport system;
- by functioning as a central repository of information to inform all utility related decisions; and
- by providing informed analyses and policy advice.
## Management Accountability Framework

### Component: Policy and Programmes

To establish and maintain transparent, consistent and objective rules and standards to regulate the providers of prescribed utility services in the public interest to enhance efficient utility operations and provide an environment conducive to investments.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Means of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A work plan outlining a Plan of Action (POA) to enhance competition, efficiency and the investment climate in the regulated sectors consistent with its statutory mandate.</td>
<td>- Completion of schedule and milestones for the promulgation of instruments.</td>
</tr>
<tr>
<td>- Mechanism to assess options and the impact of the instruments on customer welfare and investments before and measured after their implementation.</td>
<td>- Level of stakeholders’ involvement in the development of regulations (quarterly review of comments/responses).</td>
</tr>
<tr>
<td>- Regulatory instruments would include one or more of the following as necessary:</td>
<td>- Impact of regulations assessed on regular basis to determine whether objectives have been met by comparing outcome with baseline data. (Publication of semi-annual reports).</td>
</tr>
<tr>
<td>- Consultation documents</td>
<td>- Quality of service indices for the provision of prescribed utility services (To be developed by March 2015).</td>
</tr>
<tr>
<td>- Rules</td>
<td>- Competitive indices to determine level of competition in utility services (Semi-annual review and assessment).</td>
</tr>
<tr>
<td>- Orders</td>
<td>- Population coverage of prescribed utility services (Quarterly publications).</td>
</tr>
<tr>
<td>- Determinations</td>
<td>- Level of new investments in the utility sectors (Annual review).</td>
</tr>
<tr>
<td>- Standards</td>
<td>- Stakeholders’ satisfaction surveys (Once in every eighteen months).</td>
</tr>
<tr>
<td>- Regulations updated for relevance</td>
<td>- Research and analytic capacity is developed and sustained to assure development of high quality policy options, programme design and advice to relevant Ministries.</td>
</tr>
<tr>
<td>- Customer advisory</td>
<td>Legislation and mandate reflected through regulations, directives and processes.</td>
</tr>
<tr>
<td>- Reports</td>
<td>Recommendations are based on a review of appropriate options and impact on the utility industry and consumers.</td>
</tr>
<tr>
<td>- Policy advice</td>
<td>Extent to which the OUR’s plans and policies reflect the policy initiatives of the Government with regards to the development of the utility industry and the protection of its customers.</td>
</tr>
<tr>
<td>- Performance reports on quality of service and quality improvement index plus Regulatory Impact Assessment Reports.</td>
<td>The development of results oriented and measurable programmes.</td>
</tr>
<tr>
<td>- Recommendations are accepted by the relevant Ministry and an appropriate implementation schedule established once the revision(s) are made to the legislation and/or regulations (Implementation schedule established within two months of Govt. acceptance).</td>
<td>Identification of key stakeholders and evidence of their involvement in the development of policies and</td>
</tr>
<tr>
<td>- Accepted Policy recommendations reflected in operational changes within four to six months of acceptance (supported by directives, amended processes, staff adjustments/re-deployment and</td>
<td></td>
</tr>
</tbody>
</table>

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**Corporate Business Plan & Budget**  
**Fiscal Years 2015–2018**  
**October 2014 (First Draft)**
<table>
<thead>
<tr>
<th>Component</th>
<th>Indicators</th>
<th>Means of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation in and adaptation of relevant international policy formulation and relationship to the OUR policy component should be clear.</td>
<td>Quality of Policy recommendations are a reflection of Senior Managements’ understanding of changes in optional environment.</td>
</tr>
<tr>
<td>Policies and programmes are developed to promote long-run improvements in the efficiency of the provision of utility services.</td>
<td>Efficiency targets for utility operators are established.</td>
<td>Efficiency targets achieved (annual reports).</td>
</tr>
<tr>
<td></td>
<td>Competition in the provision of utility services is promoted where feasible.</td>
<td>Decline in real prices (annual reports).</td>
</tr>
<tr>
<td></td>
<td>Capability for monitoring utility services is established.</td>
<td>Monitoring reports on quality of service and adherence to standards (annual reports).</td>
</tr>
<tr>
<td></td>
<td>Evidence of strategic planning.</td>
<td>Improvement in total factor productivity indices and quality of service (annual reports).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production and promulgation of strategic plans and short to medium forecasts (annually)</td>
</tr>
</tbody>
</table>

2 People

The people, work environment and focus are on building capacity and leadership to assure its success and a confident future.

<table>
<thead>
<tr>
<th>People</th>
<th>Commit to decentralization of authority.</th>
<th>Increase in the quality of decisions taken by line managers and staff.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard Operating Procedures (SOP) used for staff training programme.</td>
<td>Execution of proactive recruitment plan.</td>
</tr>
<tr>
<td></td>
<td>The OUR will seek to replace the current hierarchical approach with the team approach. Each Project will be assigned a team leader.</td>
<td>Emergence of leadership skills.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOPs fully documented (by March 2015).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comprehensive Human Resources Management</td>
</tr>
</tbody>
</table>
### Component

<table>
<thead>
<tr>
<th>Component</th>
<th>Indicators</th>
<th>Means of Measurement</th>
</tr>
</thead>
</table>
|           | - Targeted training and development for staff to obtain required competences in best practice regulation and emerging technologies in the utility sectors.  
- Structured skill transfer programme by mentorship and peer review of work.  
- Opportunities to grow skills and competencies by training, team assignments and work rotation.  
- Employee engagement in the development of training plans.  
- Training and knowledge management geared towards leadership continuum and knowledge retention.  
- Suitable strategy in place to ensure that the OUR recruits staff with the requisite skills and experience.  
- An objective appraisal system for staff performance that would result in recognition, rewards or sanctions. | Strategy in place, including leadership, recruitment, retention, succession, learning, appropriate management training (by March 2015) Work/Life Balance, and Employment Equity.  
- Reduction in staff turnover.  
- Training plan developed (by March 2015).  
- Increase in the complexity of tasks performed by staff (by March 2015). |

### 3 Citizen-focused Service

Services are citizen-centered, policies and programmes are developed from the "outside in" and partnerships are encouraged and effectively managed.

<table>
<thead>
<tr>
<th></th>
<th>Indicators</th>
<th>Means of Measurement</th>
</tr>
</thead>
</table>
|           | - Customer satisfaction survey results are reflected in policy recommendations and operating changes as appropriate.  
- SOPs are designed to ensure the delivery of highly quality service at all levels.  
- Service delivery turnaround times are reflective of SOPs.  
- Memorandum of Understanding (MoU) and/or Level of Service Agreements (LSA) with key external stakeholders.  
- Citizens Charter (CC).  
- Mechanisms in place to receive and assess consumer views.  
- Customer satisfaction level with the OUR’s regulating of the utility industry’s rate charges, levels of service and compliance to service standards.  
- Increase in the use of technology to improve delivery of service to customers.  
- Opportunities for stakeholders to provide inputs and feedback on policies and programmes. | Number of Policy recommendations and/or operational changes that are a direct result of customer feedback (Annual Report).  
- SOP’s that accurately reflect operations (completed with review to be conducted periodically)  
- SOP’s used to ensure that quality of service delivered is at the agreed standard.  
- Number of effectively working MoUs and/or LSAs (which ensure that service delivery turnaround times are not over extended).  
- Changes in operations reflected in the CC (On-hold pending the completion of activities for ISO certification).  
- Level of compliance with CC obligations (annual report).  
- Increase in the utility customers’ level of satisfaction with the OUR’s regulatory performance (customer satisfaction survey to be conducted periodically). |
## Component

<table>
<thead>
<tr>
<th>Indicates</th>
<th>Means of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avenues of communication established.</td>
<td>• Reduction in the number of customer complaints re: utility industry performances (quarterly reports).</td>
</tr>
<tr>
<td>• Stakeholders are kept up to date on issues relating to activities in the sectors.</td>
<td>• Website information up-to-date.</td>
</tr>
<tr>
<td>• Adequate services are provided to customers.</td>
<td>• Increase in the capability of clients to submit basic information on-line.</td>
</tr>
<tr>
<td></td>
<td>• Existence of consumer appeal mechanism (completed. Periodic reviews will be conducted)</td>
</tr>
<tr>
<td></td>
<td>• Client satisfaction measured every 6 months.</td>
</tr>
<tr>
<td></td>
<td>• Client satisfaction targets and results published in regular reports.</td>
</tr>
</tbody>
</table>

## 4 Risk Management

The executive team clearly defines the corporate context and practices for managing organizational and strategic risks proactively.

<table>
<thead>
<tr>
<th>Indicates</th>
<th>Means of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identification of appropriate risk analysis mechanism to determine the internal and external risk.</td>
<td>• Suitable risks analysis mechanism in place (ongoing)</td>
</tr>
<tr>
<td>• OUR risk profiles developed.</td>
<td>• OUR Personnel trained in interpreting results of risk analysis and are able to develop applicable scenarios to resolve issues and/or identify meaningful options taking into consideration the possible consequences.</td>
</tr>
<tr>
<td>• Integrated Risk Management Framework in place.</td>
<td>• Applicable controls in place and staff trained in mitigation procedures (On-going).</td>
</tr>
<tr>
<td>• Use of benchmarks and other external measures of tolerance for risk.</td>
<td>• Risk based audit plans approved by DG and the IACFA (Ongoing).</td>
</tr>
<tr>
<td>• SOPs include requisite checks and balances to manage or mitigate risk.</td>
<td>• Credible Audit Plan and function is in place (March 2016).</td>
</tr>
<tr>
<td>• Policies to mitigate risks to organization’s independence, credibility and integrity.</td>
<td>• Recommendations of internal and external auditors adopted by management (within 3 months of these reports).</td>
</tr>
<tr>
<td></td>
<td>• Ethical Code of Conduct in place (by December 2015).</td>
</tr>
<tr>
<td></td>
<td>• Rules of practice and procedures in place (by August 2015).</td>
</tr>
<tr>
<td></td>
<td>• Transparent practices and access to information framework in place.</td>
</tr>
<tr>
<td></td>
<td>• Existence and knowledge of contingencies.</td>
</tr>
<tr>
<td>Component</td>
<td>Indicators</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| **5 Stewardship** | The departmental control regime (assets, money, people, services, etc.) is integrated and effective, and its underlying principles are clear to all staff. | - Effective communications/public information functions in place to ensure transparency.  
- Favourable reports from applicable authorities (e.g. internal and external auditors, OCG etc.).  
- De-concentration of authority strategy is reflective of required levels of stewardship.  
- Internal policies and procedures impose appropriate level of stewardship responsibility to staff. Management systems that provide relevant information and early warning on resources, results and controls (Manual).  
- Procurement and asset management procedures published.  
- Annual audits by external auditors.  
- IACFA established and holds regular review meetings.  
- Compliance with policies, regulations and legislation.  
- Establishment of a comprehensive information database. |

| **6 Accountability** | Accountabilities for results are clearly assigned and consistent with resources, and delegations are appropriate to capabilities. | - Introduction and use of OUR’s Governance and GoJ Accountability Framework.  
- Agreement of specific performance targets and measurements at the individual, Department and Agency levels in line with the de-concentration of authority regime and OUR’s Governance Framework.  
- Performance targets based on relevant Legislation.  
- Regulatory Impact Assessed where necessary. |

| | | - All staff is made aware of standard stewardship requirements (September, 2015).  
- Annual, quarterly and monthly reports submitted as required by the FAAA and the OCG (100% compliance).  
- Internal/External audits commissioned as required (100% compliance).  
- SOPs reflect the applicable stewardship requirements (100%).  
- Applicable audit recommendations adopted by management and incorporated into SOPs (where applicable, 100% compliance).  
- Decrease in the incidence of misappropriations and/or misuse of resources (100% compliance to audit reports).  
- Information management system developed and maintained (periodic reviews of the systems). |
## APPENDIX III: 2014/15 TRAINING and REPRESENTATION as at November 2014

<table>
<thead>
<tr>
<th>DATE</th>
<th>NUMBER OF PARTICIPANT(S)</th>
<th>TRAINING PROGRAMME</th>
<th>INSTITUTION</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 5-6, 2014</td>
<td>1</td>
<td>IADB/CASTALIA : Natural Gas Conference</td>
<td>IADB/CASTALIA</td>
<td>Miami, USA</td>
</tr>
<tr>
<td>June 9-20, 2014</td>
<td>1</td>
<td>PURC: 36th International Training</td>
<td>Public Utility Research Centre</td>
<td>Gainesville, Florida, USA</td>
</tr>
<tr>
<td>July 13-16, 2014</td>
<td>2</td>
<td>NARUC 2014 Summer Committee Meeting</td>
<td>National Association of Regulatory Utility</td>
<td>Dallas, Texas, USA</td>
</tr>
<tr>
<td>July 19, 2014</td>
<td>2</td>
<td>OCCUR : ExCO meeting</td>
<td>Organisation of Caribbean Utility Regulators</td>
<td>Trinidad</td>
</tr>
<tr>
<td>September 15-19, 2014</td>
<td>2</td>
<td>IT/Dev Connections Conference 2014</td>
<td>IT/Dev Connections</td>
<td>Las Vegas, USA</td>
</tr>
<tr>
<td>October 20 – November 7, 2014</td>
<td>2</td>
<td>ITU Plenipotentiary 2014 Conference</td>
<td>International Telecommunications Union</td>
<td>Busan, South Korea</td>
</tr>
<tr>
<td>DATE</td>
<td>NUMBER OF PARTICIPANTS</td>
<td>TRAINING PROGRAMME</td>
<td>INSTITUTION</td>
<td>LOCATION</td>
</tr>
<tr>
<td>------</td>
<td>------------------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>April 15 &amp; 16, 2014</td>
<td>1</td>
<td>HRDYNAMI : Time and Stress Management</td>
<td>HRDYNAMI</td>
<td>Kingston</td>
</tr>
<tr>
<td>Academic year 2013/2014</td>
<td>1</td>
<td>Taxation, Auditing, Company Law &amp; Financial Accounting</td>
<td>University of the West Indies</td>
<td>Mona, Kingston</td>
</tr>
<tr>
<td>May 8-11, 2014</td>
<td>2</td>
<td>JEF Annual Conference 2014</td>
<td>Jamaica Employer’s Federation</td>
<td>St. Ann</td>
</tr>
<tr>
<td>May 13, 2014</td>
<td>2</td>
<td>Jamaica Bar Association: CLE Seminar</td>
<td>Jamaica Bar Association</td>
<td>Kingston</td>
</tr>
<tr>
<td>June 26, 2014</td>
<td>2</td>
<td>Avril King – Blackslate Media Group : Jamaica 2030 Caribbean Leadership Conversation</td>
<td>Avril King – Black slate Media Group</td>
<td>Kingston</td>
</tr>
<tr>
<td>September 11-October 3, 2014</td>
<td>1</td>
<td>Strategic &amp; Corporate Planning</td>
<td>Management Institute for National Development</td>
<td>Kingston</td>
</tr>
<tr>
<td>September 17, 2014</td>
<td>5</td>
<td>HRDYNAMIX : ‘Hangin’ Round the Barrel’ – Motivational Workshop</td>
<td>HRDYNAMIX</td>
<td>Kingston</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 2, -5, 2014</td>
<td>Jamaica Association of Admin. Professionals (JAAP) : Annual Convention</td>
<td>Montego Bay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 8-9, 2014</td>
<td>Jamaica Customer Service Association : Annual Service Conference</td>
<td>Kingston</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX IV  TELECOMMUNICATIONS SECTOR WORKPLAN

<table>
<thead>
<tr>
<th>Proposed Ranking</th>
<th>Name of Project</th>
<th>Time line</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Development of Fixed LRJC for Fixed Networks</td>
<td>Quarter 4 2013/2014 – Quarter III 2015/2016</td>
</tr>
<tr>
<td>2</td>
<td>Review of Unfair Terms in Telecommunications Contracts</td>
<td>Quarter II –Quarter III 2014/2015</td>
</tr>
<tr>
<td>3</td>
<td>Conduct Sector Review (Market Definition and Dominance Assessment)</td>
<td>Quarter I – Quarter II 2015/2016</td>
</tr>
<tr>
<td>4</td>
<td>Regulatory Framework for MVNOs</td>
<td>Quarter II – Quarter IV 2014/2015</td>
</tr>
<tr>
<td>5</td>
<td>Audit of Mobile Signals</td>
<td>Quarter IV 2014/2015</td>
</tr>
<tr>
<td>6</td>
<td>Establish a Market Statistics Database and a Mast/Tower Database</td>
<td>Quarter III– Quarter IV 2014/2015</td>
</tr>
<tr>
<td>7</td>
<td>Numbering Plan Area (NPA) Relief Implementation</td>
<td>Current – Quarter I 2014/2015</td>
</tr>
<tr>
<td>8</td>
<td>Externally Driven Projects</td>
<td>Current – Quarter I 2014/2015</td>
</tr>
<tr>
<td></td>
<td>Facilitation of Internet Exchange Point Implementation Activities</td>
<td>Current – Quarter I 2014/2015</td>
</tr>
<tr>
<td>9</td>
<td>Facilitation of Broadband Initiatives Being Undertaken by MSTEM</td>
<td>Quarter I – Quarter II 2014/2015</td>
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<tr>
<td></td>
<td>Pre and Post Number Portability Implementation Activities</td>
<td>Current – Quarter III 2014/2015</td>
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<table>
<thead>
<tr>
<th>Priority Ranking</th>
<th>Name of Project</th>
<th>Time Line</th>
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<tbody>
<tr>
<td>11</td>
<td>Extrateritorial Use of Jamaican E.164 telephone numbers</td>
<td>2015/2016</td>
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<tr>
<td>12</td>
<td>Ensuring equivalence in access and choice for persons with disabilities</td>
<td>2015/2016</td>
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<tr>
<td>Priority Ranking</td>
<td>Name of Project</td>
<td>Time Line</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>14</td>
<td>Establish platforms which provide more information to consumers e.g. price comparison website, broadband speeds</td>
<td>2015/2016</td>
</tr>
<tr>
<td>15</td>
<td>Review of Data Rios for Fixed and Mobile Networks</td>
<td>2015/2016</td>
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<tr>
<td>16</td>
<td>Establish Broadband Dashboard</td>
<td>2015/2016</td>
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<td>17</td>
<td>Establish QoS Rules for Wholesale Telecommunications 2015/2016</td>
<td>2016/2017</td>
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<td>18</td>
<td>Review of Competitive Safeguards</td>
<td>2016/2017</td>
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<td>19</td>
<td>Regime for Numbering Resource Charges (Concept paper)</td>
<td>2016/2017</td>
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<tr>
<td>20</td>
<td>Conduct Cost and Benefit and Unfair Burden Test for Indirect access on Dominant Operators</td>
<td>2016/2017</td>
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<tr>
<td>21</td>
<td>Conduct Cost and Benefit and Unfair Burden Test for Unbundling of Network Elements on Dominant Operators</td>
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<tr>
<td>22</td>
<td>Develop Regulatory Framework for Next Generation Networks</td>
<td>2016/2017</td>
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<tr>
<td>Major Projects for FY 2015-2018</td>
<td></td>
<td></td>
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<tr>
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<tr>
<td>Survey of Water Needs and Geographic Capacity Planning</td>
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<td>Position Paper on Split Supply of Water and Sewage</td>
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<td>National Water Commission’s Impact Tariff</td>
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<td>Regulatory Assessment of Water Re-use</td>
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<tr>
<td>K-Factor Audit</td>
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<tr>
<td>Water and Sewerage Sector Bi-Annual Report</td>
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<tr>
<td>Rate Regime – Small Private Providers</td>
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<td>NIC Tariff Review</td>
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<td>NWC’s Mid-Tariff Review</td>
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### Major Projects for FY 2015-2018

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<thead>
<tr>
<th>Project Description</th>
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<tr>
<td>JPS Price Cap Annual Adjustment</td>
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<tr>
<td>Accounting Separation Guidelines</td>
</tr>
<tr>
<td>Conversion of Bogue to Less Expensive Fuel</td>
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<tr>
<td>Economic Procurement of Fuel and Scrutiny of Fuel Inventory and Use</td>
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<tr>
<td>Review of the Electricity Market Structure Arrangement</td>
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<tr>
<td>Integrated Resource Plan</td>
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<td>Transmission System Assessment</td>
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<td>Facilitating Investment in Renewable and Other Fuel Sources</td>
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<tr>
<td>Efficiency Improvement/Demand Management/Loss Reduction</td>
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<tr>
<td>Cost of Un-served Energy (COUE) Study</td>
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<tr>
<td>2014/15</td>
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<tr>
<td>--------</td>
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<tr>
<td><strong>Budget EXPENSES</strong></td>
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<tr>
<td>267,172,465 Payroll</td>
</tr>
<tr>
<td>14,962,250 Statutory charges</td>
</tr>
<tr>
<td>62,672,434 Employee benefits</td>
</tr>
<tr>
<td>3,050,000 Other payroll-related costs</td>
</tr>
<tr>
<td>12,000,000 Increment and Merit Award</td>
</tr>
<tr>
<td><strong>359,857,149 Payroll Related Costs</strong></td>
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<tr>
<td>37,007,000 Training and development</td>
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<tr>
<td>12,210,451 Foreign travel</td>
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<td>571,600 Local travel</td>
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<td>5,739,040 Repairs and maintenance</td>
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<td>13,881,660 Information Technology costs</td>
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<td>602,000 Printing and stationery</td>
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<td>4,603,000 Telephones</td>
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<td>8,733,834 General expenses</td>
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<td>18,150,000 Public education &amp; outreach</td>
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<td>1,800,000 C.A.committee</td>
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<td>3,347,780 Motor vehicle expenses</td>
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<td>35,953,050 Consulting services</td>
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<td>6,400,800 ISO Certification</td>
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<td>18,505,000 Professional/Legal Fees</td>
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<td>1,200,000 Advertising</td>
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<td>300,000 Finance charges</td>
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<td>10,500,000 Depreciation</td>
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<td>17,612,875 Membership dues</td>
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<td><strong>215,818,090 Costs other than payroll</strong></td>
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<td>575,675,239 Total expenses</td>
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<tr>
<td><strong>Cash requirement:-</strong></td>
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<tr>
<td>575,675,239 Expenses</td>
</tr>
<tr>
<td>-10,500,000 Less, depreciation</td>
</tr>
<tr>
<td>565,175,239 Sub-total</td>
</tr>
<tr>
<td>21,828,000 Capital expenditure</td>
</tr>
<tr>
<td>587,003,239 Sub-total</td>
</tr>
<tr>
<td><strong>Less, miscellaneous income:-</strong></td>
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<tr>
<td>-10,000,000 Interest earned</td>
</tr>
<tr>
<td>-4,000,000 Processing Fees</td>
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<tr>
<td>-200,000 Other income</td>
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<tr>
<td>572,803,239 Net cash requirement</td>
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</tbody>
</table>
## TABLE 2

**OFFICE OF UTILITIES REGULATION**

### Budget Allocation to Sectors

<table>
<thead>
<tr>
<th>Budget</th>
<th>2014/15 EXPENSES</th>
<th>2015/2016</th>
<th>2018/19</th>
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</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>267,172,465</td>
<td>270,167,167</td>
<td>275,000,000</td>
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<tr>
<td>Statutory charges</td>
<td>14,962,250</td>
<td>16,229,494</td>
<td>18,300,000</td>
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<tr>
<td>Benefits</td>
<td>62,672,434</td>
<td>65,937,301</td>
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<tr>
<td>Other payroll-related costs</td>
<td>3,050,000</td>
<td>3,325,915</td>
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<tr>
<td>Incremental and Merit Award</td>
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<td>12,000,000</td>
<td>12,000,000</td>
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<tr>
<td><strong>Payroll Related Costs</strong></td>
<td><strong>359,857,149</strong></td>
<td><strong>367,659,876</strong></td>
<td><strong>375,000,000</strong></td>
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<tr>
<td>76,804,148</td>
<td><strong>138,313,645</strong></td>
<td><strong>152,542,083</strong></td>
<td><strong>160,000,000</strong></td>
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<tr>
<td><strong>Annual Report</strong></td>
<td><strong>754,600</strong></td>
<td><strong>301,840</strong></td>
<td><strong>300,000</strong></td>
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<tr>
<td>1,800,000 C.A.committee</td>
<td>1,800,000</td>
<td>1,800,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td><strong>Motor vehicle expenses</strong></td>
<td><strong>3,000,000</strong></td>
<td><strong>3,000,000</strong></td>
<td><strong>3,000,000</strong></td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>437,981,090</strong></td>
<td><strong>443,214,416</strong></td>
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<tr>
<td><strong>Costs other than payroll</strong></td>
<td><strong>254,084,103</strong></td>
<td><strong>258,491,259</strong></td>
<td><strong>260,000,000</strong></td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>621,475,979</strong></td>
<td><strong>641,705,675</strong></td>
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<tr>
<td><strong>Cash requirement:-</strong></td>
<td><strong>Cash requirement:-</strong></td>
<td><strong>Cash requirement:-</strong></td>
<td><strong>Cash requirement:-</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>575,675,239</strong></td>
<td><strong>581,825,239</strong></td>
<td><strong>587,003,239</strong></td>
</tr>
<tr>
<td><strong>Less, depreciation</strong></td>
<td><strong>-10,500,000</strong></td>
<td><strong>-10,000,000</strong></td>
<td><strong>-20,000,000</strong></td>
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<tr>
<td><strong>Capital expenditure</strong></td>
<td><strong>21,828,000</strong></td>
<td><strong>22,828,000</strong></td>
<td><strong>25,000,000</strong></td>
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<tr>
<td><strong>Sub-total</strong></td>
<td><strong>565,175,239</strong></td>
<td><strong>581,825,239</strong></td>
<td><strong>587,003,239</strong></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td><strong>-10,000,000</strong></td>
<td><strong>-10,000,000</strong></td>
<td><strong>-20,000,000</strong></td>
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<tr>
<td><strong>Processing Fees</strong></td>
<td><strong>-4,000,000</strong></td>
<td><strong>-4,000,000</strong></td>
<td><strong>-8,000,000</strong></td>
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<tr>
<td><strong>Other income</strong></td>
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<td><strong>-200,000</strong></td>
<td><strong>-400,000</strong></td>
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<tr>
<td><strong>Net cash requirement</strong></td>
<td><strong>572,603,239</strong></td>
<td><strong>572,825,239</strong></td>
<td><strong>572,825,239</strong></td>
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</tbody>
</table>

### Percentages

<table>
<thead>
<tr>
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<th>Percentages</th>
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<tr>
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<td><strong>Cash requirement:-</strong></td>
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</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Less, depreciation</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Processing Fees</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td><strong>Net cash requirement</strong></td>
<td><strong>100.00</strong></td>
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</tbody>
</table>

### Money

<table>
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<tr>
<th>Subtotal</th>
<th>Money</th>
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<tbody>
<tr>
<td><strong>Total expenses</strong></td>
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<tr>
<td><strong>Cash requirement:-</strong></td>
<td><strong>300,000</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>587,003,239</strong></td>
</tr>
<tr>
<td><strong>Less, depreciation</strong></td>
<td><strong>-20,000,000</strong></td>
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<tr>
<td><strong>Capital expenditure</strong></td>
<td><strong>25,000,000</strong></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>587,003,239</strong></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td><strong>-20,000,000</strong></td>
</tr>
<tr>
<td><strong>Processing Fees</strong></td>
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<td><strong>Other income</strong></td>
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<tr>
<td><strong>Net cash requirement</strong></td>
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### Notes

- **General Consumption Tax**
- **Transport**
- **Telcoms**
- **Elec**
- **Water**
- **Check**
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<th>INFORMATION TECHNOLOGY</th>
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<td><strong>Software</strong></td>
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<td>Other Apps</td>
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<td><strong>Total</strong></td>
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<td>Tablets Acquisition / Replacement</td>
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<td>Scanners - High Speed (Acquisition/Replacement)</td>
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<td>Printer/Multi-Function devices (Network class)</td>
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<td><strong>2,333,333</strong></td>
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