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Office of Utilities Regulation

Jamaica Public Service Company Limited

Generation Expansion Plan 2001 - 2004

Decision



OFFICE OF UTILITIES REGULATION

September 10, 2001

INTRODUCTION

The All Island Electric Licence 2001 provides for JPS to submit long-term plans for system expansion to the Office for approval. It also imposes a duty on the Office, when it is satisfied that the plan represents the least economic costs for system expansion consistent with internationally accepted best industry practice, to recommend such plans to the Minister for approval, who shall on receipt:

- a) approve the plan; or
- b) return it to the Office for further consideration.

In February 2001, due to an unfortunate series of break down of plant, while one major generating unit was out of service for maintenance overhaul, JPS found that it was completely out of reserve capacity and was unable to meet demand.

The company's management must take full responsibility for this unfortunate deficiency in generating capacity. In fact, the Office had, in each annual report since its inception in 1997, expressed concerns about delays in the development and implementation of a generation expansion plan. In its 1999/2000 report the Office wrote -

“The OUR is of the view that any decision taken at this time to add capacity intended to satisfy demand in 2001/2002 will not be the least cost alternative and may result in less than optimal prices to the consumer”.

The ownership structure of the company changed on March 31, 2001 and the new management team has been confronted with a nightmare as far as available capacity is concerned and which has forced it to procure on an emergency basis a 20 MW gas turbine for installation at Bogue. It has also been forced to develop a generation expansion plan to meet short-term needs for the period 2001 - 2004.

The company submitted this plan for the consideration of the Office on May 10, 2001. In conducting the review, the Office has been in discussion with the company, the results of which have been a number of additional submissions in clarification of issues raised by the Office.



