

Fuel Clause Adjustment Findings Report 2013

FUEL CLAUSE ADJUSTMENT FINDINGS REPORT

The Fair Trading Commission has completed its review of the Fuel Clause Adjustment (FCA) administered by the Barbados Light & Power Co. Ltd. (BL&P).

The review found that:

-

There is no evidence of any significant cumulative under or over recovery by the BL&P, when comparing the revenues collected from customers on a monthly basis through the FCA, to the actual fuel costs which were incurred by the BL&P.

-

The efficient dispatch of generation plant is impacted because the BL&P, due to age and reliability concerns, runs the steam turbines continuously to satisfy base load instead of the more efficient low speed diesel engines. However, with the exception of the steam turbines, the BL&P dispatches its generating plant in order of increasing marginal cost of generation.

The Commission is of the view that as a priority, the BL&P should replace the steam turbine generators with more efficient generating plant. This will be dealt with in the context of the Integrated Resource Plan which has been submitted to the Commission for approval.

The Commission is desirous of improving its ability to verify and audit the FCA calculation and is proposing that the FCA should be based on the actual energy sales and the actual fuel costs incurred by the BL&P in the previous month. The Commission will therefore issue a Motion to Review the FCA to allow for it to be calculated based on historic instead of projected data. This will significantly enhance the transparency of the process.

Copies of the Findings Report may be obtained from the office of the Fair Trading Commission, Good Hope, Green Hill, St. Michael between the hours of 9:00 a.m. and 4:00 p.m. Mondays through Fridays. The Findings Report can also be obtained from the following link:

2013 Fuel Clause Findings Report

Dated this 19th day of April, 2013

Peggy Griffith

Chief Executive Officer