



Fair Trading Commission

ANALYSIS OF BARBADOS LIGHT & POWER COMPANY LIMITED ANNUAL STANDARDS OF SERVICE REPORT

April 2016 - March 2017

September 26, 2017

INTRODUCTION

The Utilities Regulation Act, CAP. 282 (URA) of the Laws of Barbados establishes the authority of the Fair Trading Commission (the Commission) to determine Standards of Service for regulated utilities. The Standards of Service for the Barbados Light & Power Company Limited (BL&P) were first established in 2006 and are reviewed every three (3) years. This report provides an assessment of the BL&P's April 2016 - March 2017 performance relative to the 2014 - 2017 Standards of Service Decision.

The report comprises three (3) sections. Section 1 presents an appraisal of the BL&P's performance under the Guaranteed Standards of Service; under this section, particular emphasis is given to the timely payment of claims, where breaches occur under these Standards. In Section 2, the BL&P's performance under the Overall Standards of Service is evaluated; customer service quality was identified as a key area for improvement. Section 3, provides an assessment of the BL&P's submitted reliability performance. Finally, recommendations will be given for improved monitoring of the BL&P's Standards of Service.

SECTION 1 - GUARANTEED STANDARDS OF SERVICE

The Guaranteed Standards of Service describes eight (8) mandatory performance criteria, which the BL&P is required to meet in providing service to individual customers. Where the BL&P breaches any of the Guaranteed Standards of Service targets, it is required to compensate each affected customer by way of credit to their account. A summary of the BL&P's performance for the period April 2016 - March 2017, is presented in Table 1.

Table 1: Guaranteed Standards of Service Performance Summary, April 2016 - March 2017 compared with April 2015 - March 2016

Guaranteed Standard	Target	(%) Compliance	
		2016 - 2017	2015 - 2016
GES 1 Fault Repair Customer's Service This refers to the time it takes to restore supply after fault on customer's service (single customer).	Within 12 hours.	100	99.56
GES 2 Fault Repair Distribution System Restore supply after fault on distribution system (multiple customers).	Within 12 hours.	100	99.82
GES 3 Voltage Complaint This refers to the investigation of voltage complaint.	a) Visit within 3 workings days ¹ of receipt of complaint.	99.16	98.90
	b) Provide assessment within 15 days of receipt of complaint.	100	100
	c) Correct within 3 months of receipt of complaint.	N/A ²	100
GES 4 Simple Service Connection This refers to the time it takes to provide a simple service connection (connection point within 30 metres) after signing the contract for connection and the presentation of a valid certificate of inspection from the Government	Within 12 working days.	98.70	95.51

¹ "Working Days" refers to Mondays to Fridays from 8:00 a.m. to 4:00 p.m. only and excludes public holidays and weekends. In measuring the response time for targets expressed in terms of working days, the day the complaint is made is excluded. Any other reference to days means calendar days.

² Not Applicable: No activity requiring resolution arose.

Guaranteed Standard	Target	(%) Compliance	
		2016 - 2017	2015 - 2016
Electrical Engineering Department (GEED) by the customer.			
GES 5 Complex Connection - Cost Estimate This refers to the time it takes to provide cost estimate for complex connection requiring a service visit.	Within 3 months.	100	100
GES 6 Connect or Transfer of Service This refers to the time it takes to connect or transfer service from one location to another location which has an existing installation.	Within 2 working days.	99.71	99.62
GES 7 Reconnection This refers to the time for reconnection of service on settling the bill after disconnection at the meter.	With 1 working day.	99.96	99.90
GES 8 Response to Billing Complaints This refers to the timeframe in which BL&P responds to customer billing complaints.	Provide assessment within 15 working days of receipt of complaint if service visit is required; for other matters the company is to respond within 5 working days.	99.62	99.28

Based on the BL&P's submitted report for the review period, all of the Guaranteed Standards registered a compliance level greater than 99.00% with the exception of Simple Service Connection (GES 4). Notably, Fault Repair Customer's Service (GES 1), Fault Repair Distribution System (GES 2), Voltage Complaint Assessment (GES 3 (b)) and Complex Connection - Cost Estimate (GES 5) all recorded perfect compliance. The BL&P reported that under the Voltage Complaint category Resolution of voltage complaints (GES 3 (c)), there were no incidences which required resolution. The category Investigation of Voltage Complaint (GES 3 (a)) which requires the BL&P to carry out a site visit within three (3) working days of receipt of complaint, recorded fifteen (15) breaches and a compliance level of 99.16%. The BL&P breached the target of providing a simple service connection within twelve (12) working days (GES 4), in ten (10) instances, to register a compliance level of 98.70%. For Connect or Transfer of Service (GES 6), the BL&P did not meet the required target of connecting or

transferring of service within two (2) working days, in seven (7) instances out of two thousand four hundred and nine (2409) requests; this resulted in a compliance of 99.71%. Additionally, for Reconnection (GES 7), the BL&P failed to reconnect customers within one (1) working day in three (3) instances, out of six thousand six hundred and eighty-one (6681) requests to register a compliance level of 99.96%. There was only one (1) instance in two hundred and sixty-one (261) complaints (99.62% compliance) where the BL&P failed to meet the required fifteen (15) day assessment period for the Response to Billing Complaints (GES 8). In general, the BL&P's performance under the Guaranteed Standards of Service recorded marginally higher compliance levels than the previous year, April 2015 – March 2016, thus registering an improvement in service.

Compensation for breaches under the Guaranteed Standards of Service for the review period are accounted for in the BL&P's claims summary as given below.

Table 1: Customer Claims Summary April 2016 – March 2017

Category	Mode of Compensation	
	Automatic	Manual
Number of customers eligible for compensation	35	1
Number of customer claims receiving compensation	43	0
Percentage of eligible customers claims receiving compensation	122.86%	0%

The submitted claims summary indicates that an unusual carryover of outstanding claims from the preceding period occurred. Based on the analysis of the BL&P's submitted Quarterly Reports for April 2016 – March 2017, it was observed that the settlement of eighteen (18) claims from the 2015 – 2016 period which related to the GES 3 Standard, was delayed by fifteen (15) months. As a consequence, forty-three (43) automatically generated claims were settled in the review period although only thirty-five (35) claims were received by the BL&P. This returned a high-resolution rate (122.86%) but does not accurately reflect the settlement of claims generated in the review period. The actual resolution rate for the year 2016 - 2017 is 45.71% which accounts for sixteen (16) of the total claims received. The aggregate amount of claims

eligible for compensation was thirty-six (36); one (1) of these required the customer to manually initiate the claim.

Compared to the previous year, 2015-2016, there was a 50.00% reduction in the number of eligible claims. Based on the claims statistics presented, the settlement of claims needs to be undertaken in a timely manner and closer monitoring of this process is required to ensure greater efficiency. The Commission is considering a new Standard to address this issue. To enhance the monitoring process, a distinction is required to identify the number of claims settled in the review period that relate to claims brought forward from a previous period. This adjustment will allow both the BL&P and the Commission to improve the claims tracking process and enable a more accurate assessment of timeliness of claim settlement.

SECTION 2 - OVERALL STANDARDS OF SERVICE

Overall Standards of Service describes minimum performance criteria that the BL&P is required to meet for the system wide delivery of electricity. Overall Standards do not require compensation to individual customers when breaches occur. Continued failure to meet any of the six (6) Overall Standards may, at the discretion of the Commission, result in the invocation of Section 43 of the Fair Trading Commission Act, CAP. 326 and Sections 31 and 38 of the Utilities Regulation Act, CAP. 282, of the Laws of Barbados which refer to the imposition of fines.

A summary of the BL&P's performance under the Overall Standards of Service is presented in Table 3.

Table 2: Overall Standards of Service Performance Summary, April 2016 – March 2017 compared with April 2015 – March 2016

Overall Standard	Target	(%) Compliance	
		2016 – 2017	2015 – 2016
OES 1 Meter Reading Frequency of meter reading.	(a) 100% of Domestic/General Service customer meters read every two months.	94.25	97.55
	(b) 100% of Secondary Voltage Power and Large Power customer meters to be read monthly.	97.14	97.13
OES 2 Voltage Complaints Response to Complaints of high/low voltage.	95% of complaints to be responded to in five working days.	99.89	99.67
OES 3 Outage Notice Prior notice of outages.	All potentially affected customers to be notified of planned outages 48 hours before outage in 95% of instances.	100	100
OES 4 Response to Claims Response to Written Claims related to Standards of Service.	100% of customers to receive acknowledgement of receipt of claim within 10 working days.	N/A ³	N/A
OES 5 Call Centre Answering Billing and Trouble Centre calls answered by a customer service representative	85% of calls to be answered in one minute.	75.07	73.08
OES 6 Billing Period The period between two meter readings whether interim, estimated or actual.	At least 95% of customers in each billing period shall be invoiced for no more than 33 days.	95.77	96.61

The BL&P submitted that under the Standard for Meter Reading (OES 1) which has a target of 100%, the level of compliance for (a) Domestic/General Service was 94.25% and for (b) Secondary Voltage Power and Large Power was 97.14%. It is expected that

³ No Assessment - The BL&P has reported that no Written Claims were received under this Standard.

as the BL&P's Advanced Metering Infrastructure (AMI) program rollout progresses, significant improvement will be realised. The AMI features remote metering and accurate billing functionality, which should enhance customer service. Its full deployment is set to conclude in 2019. Thereafter, customers can expect timely and accurate electricity billing.

With regard to the BL&P's performance under Voltage Complaint (OES 2), Outage Notice (OES 3) and Billing Period (OES 6), the 95% target was met and exceeded, registering a compliance of 99.89%, 100% and 95.77%, respectively. It is anticipated that with full deployment of AMI, significant improvement in the OES 6 Standard is achievable.

In relation to Response to Claims (OES 4), the BL&P reported that it had not received any written claims relating to the Guaranteed Standards of Service. Historically, no claims have been generated under this Standard. During the 2017 review of the Standards of Service the opportunity was taken to amend this Standard to also include oral claims. It is considered that the broadening of the scope of this Standard will capture all submitted claims.

Call Centre Answering (OES 5) which measures customer service quality – the prompt answering of at least 85% calls by the BL&P's customer representative within one (1) minute, returned a 75.07% compliance level. The BL&P's performance in this Standard continues to be unsatisfactory. The Commission has notified the BL&P of its non-compliance with this Standards and has requested improvement in the coming quarter.

For the period in review, the BL&P's performance under the Overall Standards of Service registered marginal improvements in all of the Standards compared to the previous year, exceptions being to OES 1 (a), where its compliance declined by 3.30% and OES 6 which recorded a marginal reduction of 0.84%.

SECTION 3 – SYSTEM RELIABILITY PERFORMANCE

An assessment of the BL&P’s reliability performance provides a blueprint of its ability to ensure continuity and security of supply - adequately meeting the energy demand of customers under normal operating conditions. Reliability of service – the responsiveness to a break in supply, the frequency of outages that is acceptable or allowed and how quickly power is restored is also tied to customers’ satisfaction.

Presently, the system reliability indicators adopted by the BL&P – System Average Interruption Index (SAIDI), System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI), do not have assigned targets and are assessed relative to historical performance. A comparison of the BL&P’s performance for April 2016 – March 2017 is presented in figure 1.

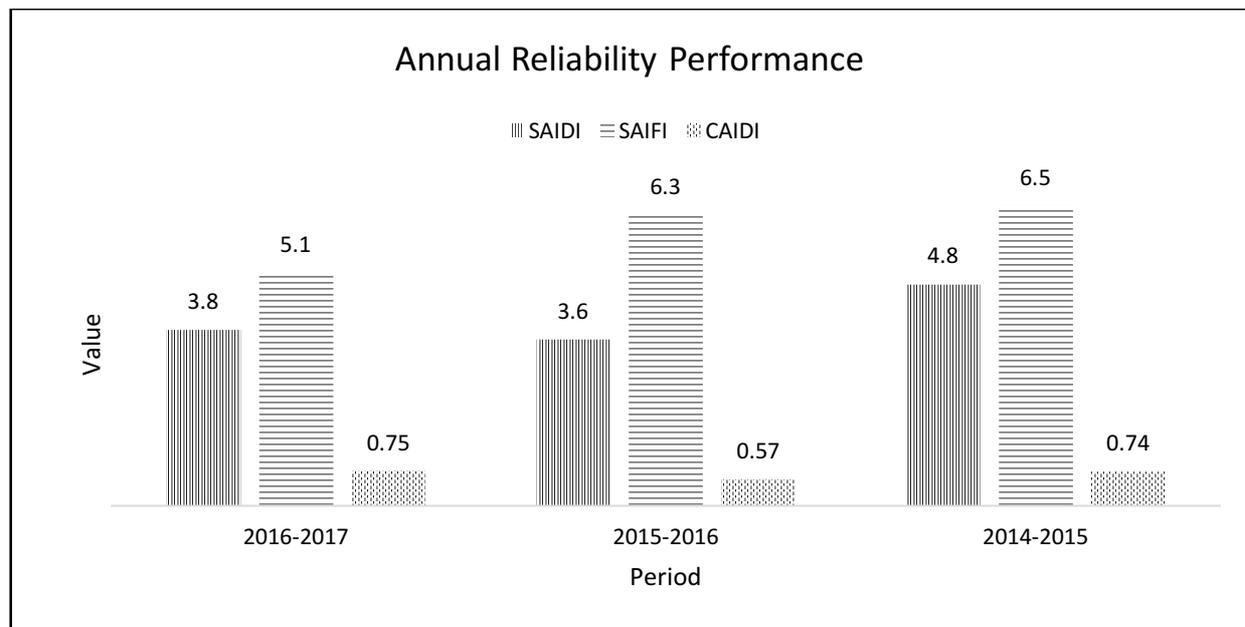


Figure 1: The BL&P’s Reliability Performance for 2014 – 2017

Based on the BL&P’s historical reliability performance as depicted by the reliability indicators, there has been some improvement in the continuity of the electricity supply due to less outages. The SAIFI statistic (frequency of outages per year) for the review period 2016 – 2017 returned less than six (6) outages, which showed a marginal improvement in the number of outages over the 2014 – 2015 and 2015 – 2016 years; these registered 6.5 and 6.3 outages, respectively. Customers affected by an outage experienced a marginal increase (0.2 hours/year) in the average duration (SAIDI),

compared to the previous year 2015 – 2016, which returned 3.6 hours/year. The CAIDI metric rose by 0.18 hours/year over the previous year, increasing the average restoration time per customer but trended similar to the 2014 – 2015 (nine-month period).

Although some improvements were observed in the BL&P's reliability performance for the review period, there is a need to assign reliability targets to these indicators. Benchmarking the BL&P's reliability performance against electric utilities with similar characteristics from regional and international jurisdictions can be useful in establishing this objective. However, this has been difficult to achieve given the diversity among distribution systems i.e. network size, scale of technology employed and technology types, etc.

SUMMARY

The submitted data for the BL&P's 2016 - 2017 Annual Report suggest that a high level of service was provided under the Guaranteed and Overall Standards of Service. The performance generally showed improvements over 2015 - 2016.

However, an improvement in performance is warranted under OES 1 and OES 5 in particular, and the BL&P is specifically encouraged to address these areas. It is anticipated that the already initiated AMI program will enhance the BL&P's performance under the Guaranteed Standards GES 6, GES 7 and GES 8. AMI deployment is expected to conclude in 2019.

With regards to the payment of claims, a distinction between claims brought forward from a previous period and settled and those arising and settled in the period under review needs to be established. This adjustment should permit the effective tracking of claims, establish a more efficient claims monitoring process and ensure the timely payment of claims. The Commission is therefore considering the implementation of a new Standard to monitor the efficient payment of claims.

In terms of the BL&P's reliability performance, there has been a reduction in the frequency of outages when compared to the two (2) previous years which is commendable. However, in an effort to assess the BL&P's reliability performance with regard to its continuity of supply, the Commission is actively considering the introduction of targets and the introduction of another reliability indicator. The Commission will continue to monitor and assess the BL&P's compliance with the Standards of Service and propose where necessary, appropriate measures, which will enhance this process. The development of penalties is one of the strategies that is being considered by the Commission to facilitate improvement in performance.