



# JAMAICA

## LOSS REDUCTION WORKSHOP

In July 2015, SRUC organized a three-day workshop to help Jamaica's utility and its regulator with international examples of how power utilities and regulators in similar environments handled issues related aggregate technical and commercial loss reduction.

### **WORK ASSIGNMENT SUMMARY**

SRUC engaged Jamaica's private utility company, Jamaica Public Service Co Ltd (JPS), and its regulator, the Office of Utilities Regulation (OUR), to help the sector address challenges related to high levels of aggregate technical and commercial (AT&C) losses in low-income, informal settlements. As a first step in that process, SRUC organized a workshop for JPS and OUR to discuss leading practices for non-technical loss reduction from other utility companies and regulators from other countries. This Loss Reduction Workshop, which had over 100 attendees from the Jamaican energy sector, focused on illustrating technological, operational, and customer-focused approaches to loss reduction and how utilities and regulators outside Jamaica have worked together to address similar operational issues. The workshop ended with tailored working sessions that allowed JPS and OUR representatives to work together to adapt new approaches to the particular non-technical loss reduction challenges facing Jamaica.

## CHALLENGE

The Jamaica Public Service Company Ltd (JPS), the private power utility and the sole provider of electricity on the island, suffers from high levels AT&C losses. In 2015, these losses were estimated at 26.98%, which is made up of technical losses in the order of 8.60% (average for utilities of similar size), and non-technical losses in the order of 18.38%, which is primarily due to power theft.<sup>1</sup> Jamaica's total system loss target, set by its regulator, the Office of Utilities Regulation (OUR), was 17.5%, which constitutes the total amount of loss that JPS had built into its tariff rate structure. Viewing punitive measures as its only way to address theft, JPS had been issued several cease and desist orders from the regulator when it curtailed power to entire communities that had high levels of non-payment and theft. One major area of disagreement between JPS and OUR was JPS's curtailment of power to entire communities with high levels of non-payment and theft. There were also differences of opinion related to how non-technical losses should be built into the tariff, what percentage could be reasonably passed on to ratepayers, how anti-theft pilot programs should be funded, and the source and exact size of the system AT&C losses.



*A portion of the attendees from the Loss-Reduction Workshop*

At the request of JPS and OUR, SRUC designed a workshop focused on international leading practices for non-technical losses reduction in low-income communities and approaches used by regulators and utility companies in other countries to reduce theft, improve revenues, and ameliorate relationships with customers.

## APPROACH

To tackle the large challenges faced by JPS and OUR, SRUC designed and implemented a three-day Loss Reduction Workshop, which included the following activities:

- Worked closely with selected counterparts at JPS and OUR to translate recent challenges on loss reduction, electricity theft, and punitive regulatory action into workshop goals and objectives, ensuring the sessions were tailored and productive.

<sup>1</sup> Jamaica Public Service Co. Ltd, "Annual Tariff Adjustment Submission for 2016," 3 May 2016. Pg 41. [https://www.our.org.jm/ourweb/sites/default/files/documents/sector\\_documents/jps\\_annual\\_tariff\\_adjustment\\_filing\\_2016\\_-\\_2016\\_may\\_4\\_final\\_2\\_-\\_uploaded\\_2016\\_may\\_19.pdf](https://www.our.org.jm/ourweb/sites/default/files/documents/sector_documents/jps_annual_tariff_adjustment_filing_2016_-_2016_may_4_final_2_-_uploaded_2016_may_19.pdf)

- Structured the workshop agenda and working sessions to meet USAID, JPS, and OUR goals for the workshop, including detailed presentations on practical technological, financial, and operational approaches for loss reduction, as well as tailored working sessions on issues facing the sector.
- Recruited speakers from utilities and regulators in seven developing countries (Brazil, Chile, Colombia, Dominican Republic, India, Kenya, and Moldova), who had designed and implemented loss reduction programs. Helped structure those presentations, and organized structure and flow of all the presentations to ensure alignment with workshop goals.
- Prepare high level talking points for the U.S. Embassy representatives and USAID Mission Director as well as prepared external press release and managed media inquiries.
- Organized and managed workshop logistics, from dissemination of official invitation letters, venue selection, site visit organization, and travel logistics for the 20+ invited speakers to creation of visuals for the event.
- Carried out the three-day workshop in Kingston, Jamaica with over 100 attendees, primarily from the utility and regulator, but also including representatives from the Government of Jamaica, donor organizations, U.S. Embassy, non-profit organizations, academic institutions, among other external groups.
- Developed and published a Summary of Proceedings report that captured the workshop lessons learned, recommendations, and areas where the utility and the regulator had agreed a path forward for reform. Circulated that final report to the interested parties.

## KEY RESULTS

The Loss Reduction Workshop resulted in

- A mutual understanding from JPS and OUR on common loss reduction challenges across countries, income levels, and contexts and on the value of working together to design programs to reduce those losses.
- Tangible and practical loss reduction activities and recommendations for Jamaica to consider under its Community Renewal Program and throughout its red zone communities.
- Participation and buy-in from the JPS Chief Executive Officer and Director General of the OUR, facilitating a high-level endorsement of next steps.
- A shift in approach by OUR and JPS on their perspective toward aggregate technical and commercial loss reduction from purely punitive measures to a more holistic approach that includes government support and customer engagement.

## M&E INDICATORS

- Number of people trained in technical energy fields supported by USG assistance - **105 people (attendees from JPS, OUR, and Jamaican Ministries)** (Standard Indicator: EG.7.3-2)

## COOPERATING PARTNERS

SRUC worked closely with USAID/Jamaica to plan, organize, and implement the Workshop, which was co-sponsored with the World Bank's Energy Sector Management Assistance Program (ESMAP) as part of its \$42 million Integrated Community Development Project for Jamaica.

## **FOLLOW ON WORK**

The Loss Reduction Workshop helped the utility company organize its priorities for its broader Community Renewal Program, a multi-year effort that helped low-income customers legally connect to the grid and afford their electricity service. For the next several years after the Workshop, SRUC helped JPS execute several of its priorities under its Community Renewal Program, including a readyboard electrification demonstration pilot, community engagement workshops and knowledge exchanges, and entrepreneur training programs.