

Grenlec Comments

On

**Draft Generation Expansion Planning and Competitive
Procurement Regulations**

February 27th, 2020

Reservations o Rights – Grenada Electricity Services Limited (Grenlec) submits these comments and responses without prejudice to (i) its several request for reasonable extensions of time to fully review, analyse and comment on the Draft Generation Expansion Planning and Competitive Procurement Regulations 2019; (ii) its right to be engaged in pre-consultation with the PURC in relation to the Draft Generation Expansion Planning and Competitive Procurement Regulations 2019; and (iii) its right to submit further comments on the Draft Generation Expansion Planning and Competitive Procurement Regulations 2019. Grenlec does not waive, acquiesce in the waiving or he relinquishing of any of its legal or equitable rights by submitting these responses and reserves all its rights.

REVIEW OF REGULATIONS - COMMENTS ON THE DRAFT GENERATION EXPANSION
PLANNING AND PROCUREMENT REGULATIONS 2019

In Grenlec's opinion, the draft regulation describes processes that are unnecessarily complicated for a system the size of Grenada's. Furthermore, and again in our opinion, there are fundamental errors in the sequence in which processes should occur, further complicating an already confusing document.

Grenlec will not offer written comments on this Draft Generation Expansion Planning and Competitive Procurement Regulation in the format of a section by section or sub-section by sub-section review.

Grenlec instead offers what it considers to be a holistic view of both the planning and procurement processes in the form of two flow charts. The first chart shows our suggestion for the consecutive steps that would be involved in the Generation Expansion Planning process, and the second chart shows what Grenlec feels are the sequential steps in the Competitive Procurement process. We have, wherever possible, inserted references to the corresponding section or sub-section in the original draft regulation to give some context to each step. We should point out however, that while we reference these sections, we still feel that a great deal of work must be done in order to simplify the processes and provide a much clearer description. Grenlec sees these flow charts as a way to provide a diagrammatic clarification of the regulation.

We also note that the original draft document fails to describe events that are very likely to occur in any competitive market. For example, in the draft document sent out for consultation there was no mention of an unsolicited bid, where a developer could approach the PURC with a project for its consideration. In Grenlec's opinion, if the PURC found that such a proposal:

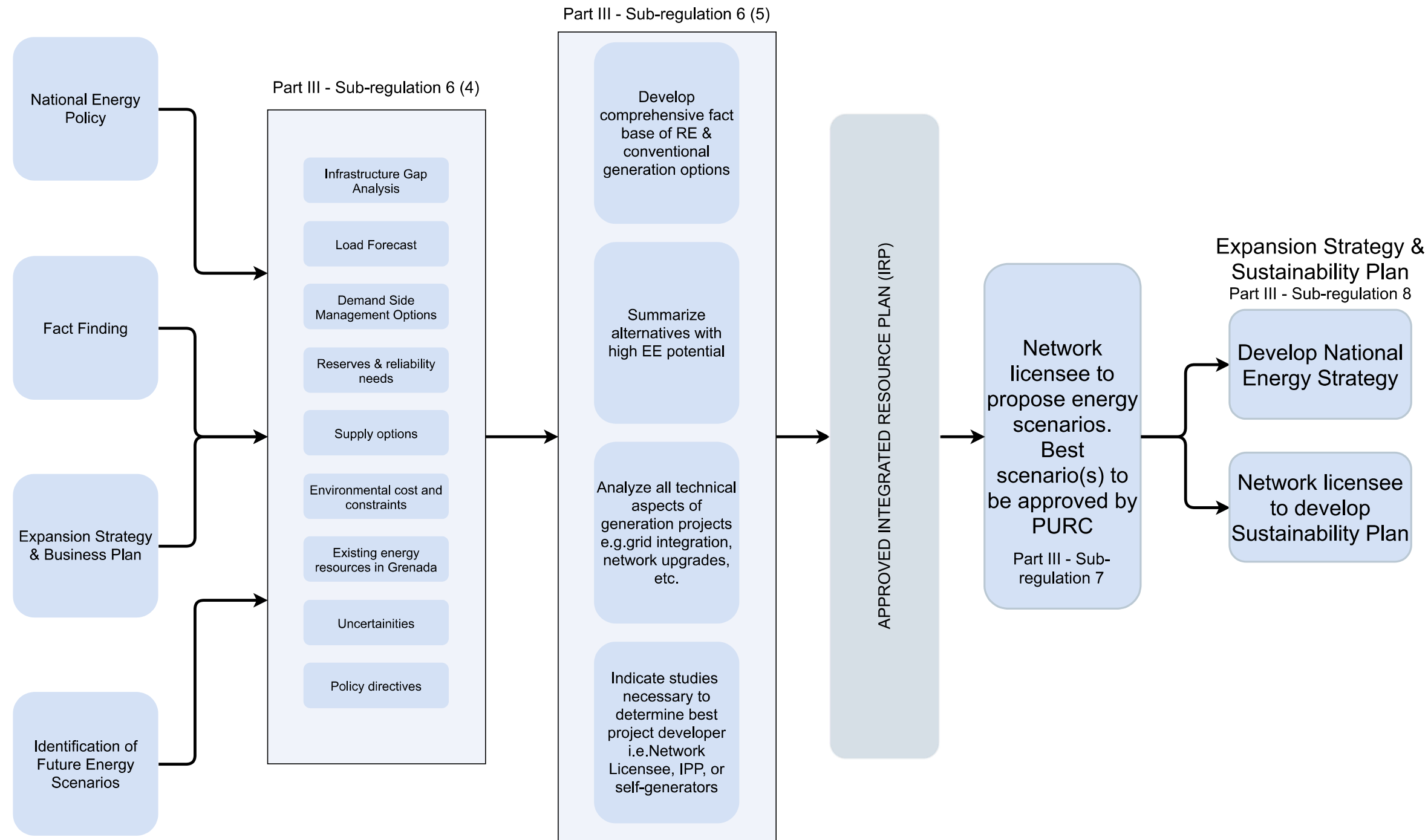
- complied with the National Energy policy and the requisites of Part III – Sub-regulation 6 (4),
- would result in no technical problems for the network,
- would not cause any contractual issues with other generation licensees or network licensees,
- would be likely to lower costs and hence the rates to the networks' customers,
- would not reduce reliability,
- would not negatively affect safety or the environment.

Then, after a public consultation, the PURC, after taking in consideration the comments from the public, could allow the developer to build the project as per the suggested procedure established for procurement and project management in this regulation.

In conclusion, Grenlec strongly believes that a considerable amount of discussion and further work must be entertained on this particular regulation in order to ensure that the final result is fair, transparent and easily understood by all stakeholders. Grenlec would welcome the opportunity to engage with the PURC to this end.

Generation Expansion Planning and Competitive Procurement Regulations

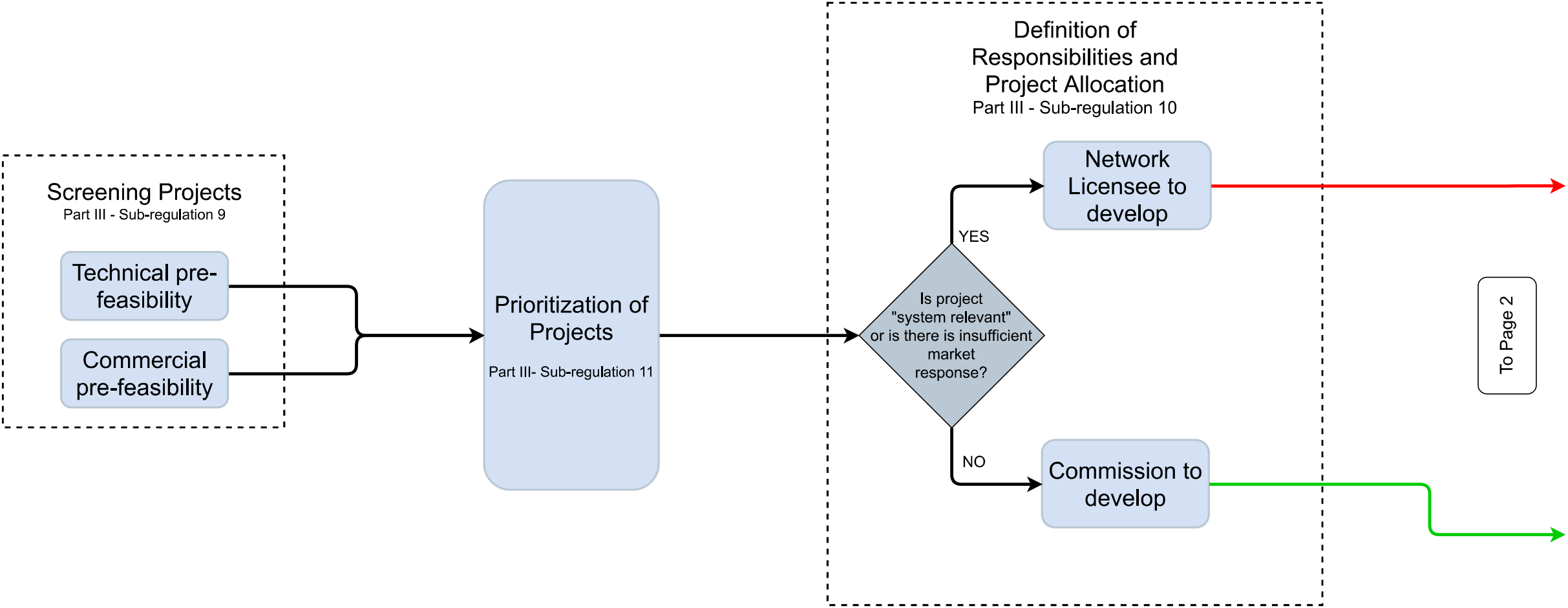
Identification of Generation Needs - Integrated Resource Planning (Every ~10 years)



Generation Expansion Planning and
Competitive Procurement Regulations

Screening/Analysis and Proritization of Generation Projects

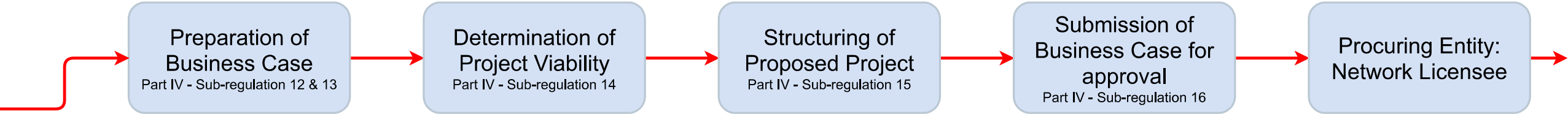
Responsibility : Network Licensee



Generation Expansion Planning and
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Business Case Stage

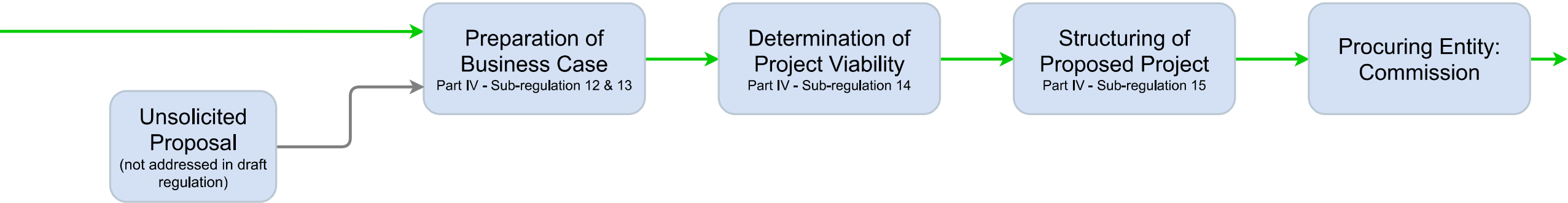
Responsibility : Network Licensee



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Responsibility : Commission? Not clear in Regulation



Generation Expansion Planning and Competitive Procurement Regulations

Transaction Stage

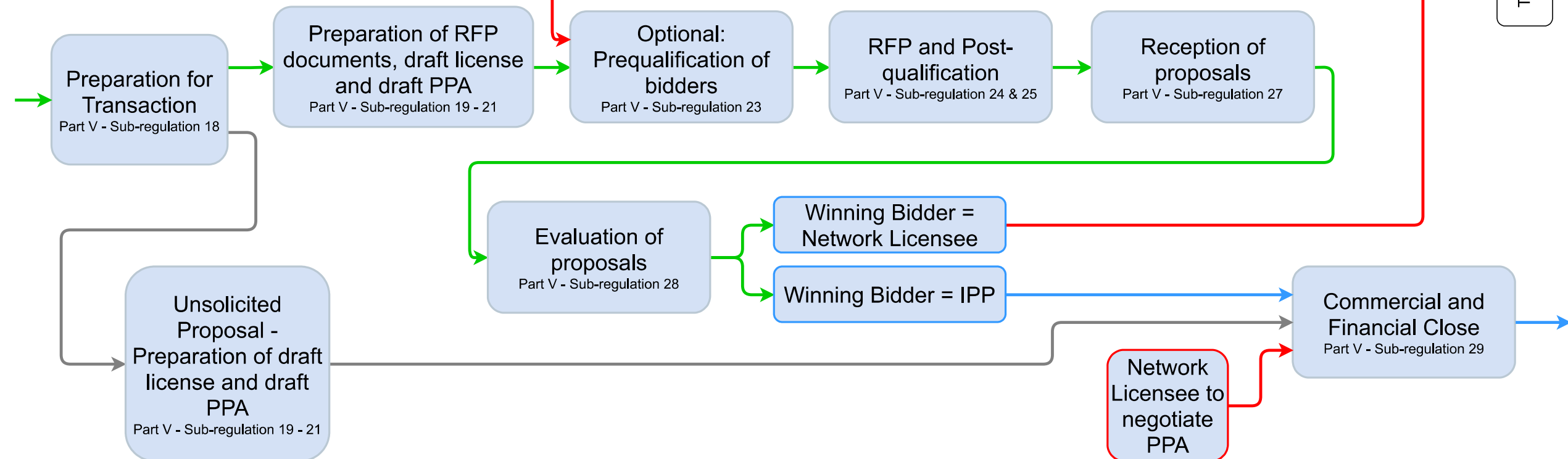
Procuring Entity : Network Licensee
Contract Type : EPC



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Procuring Entity : Commission
Contract Type : PPA

Network Licensee to bid



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Contract Management Stage

