

## Respondent No. 2 - Network Licence Granted to Grenada Electricity Services Limited

### 1. Network Licence Granted to GRENLEC under Section 14 and 67 of the Electricity Act 2016

Termination of Licence for Expiration of its Term

#### A. TRANSFER OF SHARES OF GRENLEC TO THE GOVERNMENT

In accordance with Part 11.C.2 when the term of this Licence expires **all GRENLEC shares held by private persons shall be irrevocably transferred to the Government of GRENADA free of charge and without payment for such transfer.**

#### B. SUBSEQUENT ACTIONS AFTER TRANSFER OF SHARES OF GRENLEC TO THE GOVERNMENT

Once all the shares of GRENLEC owned by private persons were transferred to the Government of Grenada, the Government may decide:

- I. Grant new licences to GRENLEC pursuant to section 14 of the Act
- II. **The dissolution of GRENLEC and transfer to the Government of Grenada (or to the State of Grenada) all the assets, personnel, contracts, all kind of rights, obligations and property of GRENLEC**

**The dissolution of GRENLEC and /or creation of one or more companies** to which all the assets, personnel, contracts, all kind of rights, obligations and property of GRENLEC will be transferred. The Government will be allowed to sell all or part of the shares of these new companies.

This proposal/wording suggests that properly held shares shall be transferred/acquired without payment or compensation. **This is in direct contradiction with Grenada's Constitution as set out in Article 6 (1)**

***"No property of any description shall be compulsorily taken possession of and no interest in or right over of any description shall be compulsorily acquired except where provision is made by a law applicable to that taking of possession or acquisition for the prompt payment of full compensation"***

Moreover, **GRENLEC is a public company listed on the OECS stock exchange** therefore the compulsory transfer/acquisition of properly held shares must be effected according to the rules and regulations of the Eastern Caribbean Securities Exchange (ECSE).

Furthermore, it will be unwise to think that the majority shareholder of GRENLEC, WRB, a US registered company, will allow its assets to be in effect expropriated without any adverse effect to Grenada and Grenadians.

## 2. Accessibility and Public Awareness

The Public Utilities Regulatory Commission (PURC) has published nine (9) documents captioned “**Consultation Documents**” as follows

1. PURC Consultation Guidelines
2. Draft Regulations on Tariff Setting Methodology
3. Draft Regulations on Rules and Procedures for Applying for Licences and Permits
4. Draft Generation Expansion Planning and Competitive Procurement Regulations
5. Draft Generation Licence- Grenada Electricity Services Limited
6. Draft Network Licence- Grenada Electricity Services Limited
7. Draft Grenada Electricity Sector Grid Code- Introduction Code
8. Draft Electricity Sector Grid Code- Generation Code
9. Draft Grenada Electricity Sector Grid Code- Transmission and Distribution Code

According to the **PURC** Home page, deadlines for submission of comments on the documents were originally scheduled for February 6<sup>th</sup> with consultations carded to end on 31<sup>st</sup> March. A new deadline of April 16<sup>th</sup>, 2020 has been given for the submission of comments on the documents.

Contrary to what is expected, the consultation documents are not available on the PURC Website or are very difficult to find. However, we note that the said documents are accessible on the Government website, [www.gov.gd](http://www.gov.gd)

**The level of public awareness is very low, and the voluminous raft of documents will attract only a handful of interested persons. Consequently, the average Grenadian will not have had the opportunity to weigh in on such weighty matter. The level of public interest and awareness generated must be seriously improved to obtain a reasonable public opinion on these matters.**

## 3. The Consultative process

According to PURC website, a total of 12 consultations are listed. However, in a letter to shareholders of GRENLEC dated February 11<sup>th</sup>, 2020, **it was revealed that the PURC refused to entertain a meeting with a delegation from the Board of Directors of the Grenlec and furthermore rejected a proposal for pre-consultation.**

The respondent therefore strongly advises that the government make every effort at maintaining an amicable relationship with GRENLEC, a company which has approximately 1300 local shareholders.

The respondent is very **alarmed and concerned**, in particular with the “Draft” regulations which speaks notably to the **compulsory transfer of shares of private shareholders without** compensation which directly contradicts the constitution which upholds the right to private property. This proposed action is certainly an area for conflict, which is ill advised.

Further, it is our conviction that an environment where Government can pass regulations which gives the power to assume control of a private company without compensation is certainly contrary to the creation and sustainability of an enabling business environment. It stokes animosity, creates discontentment and reduces the ability to instill investor confidence and produce an excellent doing business environment.