

Respondent No. 4 - Response on Draft Regulations on Tariff Setting Methodology

Here are some of my comments:

- First page - was the date July 2019 correct?
- Page 5- CPI - Determined by the Grenadian equivalent of the CSO?

Is it necessary to cite the source of the index? I am not sure but you should check.

-Page 5 - "grid and National Grid" defined in the same way. But it is conceivable that micro grids etc. are only connected to the distribution network. Should this be distinguished from the National Grid?

- "Page 7 - It may a personal preference, but defining "RPI" as reference price index is confusing as it typically refers to the Retail Price Index.

- Page 7 - Typo in system loss definition, it says "lot" but should be "lost"

-Page 10 - I noticed that there is no customer charge. Maybe it can be included for flexibility

- Page 11 - The section headed "Price cap" has nothing to do with a "price cap" it is simply a statement that the licensee must charge the rates approved by the Commission.

- Page 14 - The use of the mandatory "shall" in section 17 implies that all of these shall inform the standard. In reality industry best practice may not be available or difficult to ascertain why not a different wording such as "in establishing the level for service standards the Commission should take into consideration....."

- Page 16 - Interim tariff review is as the Part 4 heading states a transitional review. However, in many jurisdictions the use of an interim determination refers to a procedure that is invoked if something goes wrong with an existing determination and the regulator needs to adjust same. I realise though that the z factor has been included for this.

Schedule 1

The schedule is silent with respect to the valuation of the Regulatory Asset Base - Historical cost, replacement cost etc. It can be contentious issue.

Roll forward of the asset base, the treatment of contributed assets are also important.

It defines the Return on equity. But how is the cost of debt determined?

Section 5.3 - Is the Commission required to serve notification to the licensee that it must submit its application?

Section 5.6 Are the timeframes adequate for the public to respond?

Page 27- Only one public hearing?