



Connecting People
Changing Lives



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Our mission at Grenlec is to provide energy services that help fuel our economy and improve the quality of lives of our customers. Our job is to connect people to the energy they use every day, reliably and safely at the lowest cost possible, while maintaining high standards for quality and value.

As one of the leading utilities in the Caribbean, we will continue to adapt and change to meet the needs of our environment and the people we serve.

Our focus in 2016 and beyond will continue to be on increased renewable energy production and advanced energy-saving, money-saving technologies to power our nation and stabilise electricity costs. We are committed to delivering value for all our stakeholders and customers.

We have compiled this information from publications that we have shared with our public through the media over the last year.

Providing Benefits through Partnership

Many of us remember, 20-plus years ago electricity service was less efficient and less reliable. Customers experienced load shedding, frequent outages and blackouts, and public funds were not readily available to meet our nation's increasing demand for reliable electricity services.

The Government of Grenada commenced a privatisation process in 1993 with the aim of identifying a new strategic investor best able to spearhead Grenlec's transformation, from an inefficient state-run enterprise into an effective public-private partnership.

After reviewing several proposals, the Government determined the bid from WRB Enterprises (a private company with decades of experience) provided the strongest package of:

- a. Remuneration to the Government of Grenada
- b. Additional financial support for Grenlec
- c. Relevant Caribbean utility sector experience
- d. Significant technical expertise, and
- e. A demonstrated record of dedicated development support for its host communities.

The Government sold 50% of its shares to WRB Enterprises, and retained 10%. The National Insurance Scheme (NIS) owns 11%, and 29% of shares are held by a diverse base of over 1,500 Grenadian, regional and other shareholders, including Grenlec employees.

	Number of Shares	Price per Share (EC\$)	Amount Received by Government (EC\$)
Total issued Grenlec shares <i>as of</i> Closing	15,000,000		
* Government's Shares sold to WRB at Closing	7,500,000	2.00	15,000,000
New Grenlec shares issued (for capital injection)	4,000,000		
* New Shares Acquired by Government	2,000,000	2.00	(4,000,000)
Total issued Grenlec Shares <i>after</i> Closing	19,000,000		11,000,000
Government-held Shares sold post-Closing			
* to National Insurance Scheme	2,204,838	1.90	4,189,192
* to Other local/regional Shareholders	5,395,162	1.90	10,250,808
Total sale proceeds received by Grenadian State			25,440,000

Through their valuable investments, all shareholders contribute to the success of Grenlec and benefit through dividends and increased share value. Our significant beneficiaries include the Government of Grenada.

Today, Grenlec is a world-class electric utility with 99.94% reliability, and an excellent example of a successful public-private partnership between the Government of Grenada, the electric utility, its shareholders, and the public. It's a long-term partnership that has served all stakeholders well.

We're Serving Our Nation

All citizens benefit from Grenlec's consistent operations and profitability. The Company has an excellent record of paying annual dividends to its shareholders. Since 1995, more than EC\$136 million has been paid to shareholders. As shareholders (investors), the Government of Grenada benefits directly from these dividends and other revenue injections from Grenlec's operations.

Period 1994–2015	Revenue Paid to Government (EC\$)
Corporate Income Tax	76,157,090
Annual Stamp Tax	11,079,850
Customs Service Charge on Fuel	49,390,000
Customs Service Charge on other materials and equipment	in excess of 10,000,000
Total	in excess of \$146 million

99.94% Reliability and Proven Performance

Performance Highlights — 1995 to 2015

Performance Indicators	1995	2000	2005	2010	2015
Generating Capacity (MW)	23.75	23.49	36.25	48.69	48.69
Peak Demand (MW)	15.20	20.40	25.28	30.83	30.89
Non-fuel Charge (EC\$) (Domestic)	0.3831	0.3831	0.3853	0.4146	0.4155
Customers	26,743	33,089	33,402	43,699	47,611
System Losses (Reduced electricity loss improves system performance)	12.12%	13.27%	10.68%	8.25%	7.8%
Fuel Efficiency (kWh/imperial gallon)	16.95	17.08	19.00	18.99	19.31

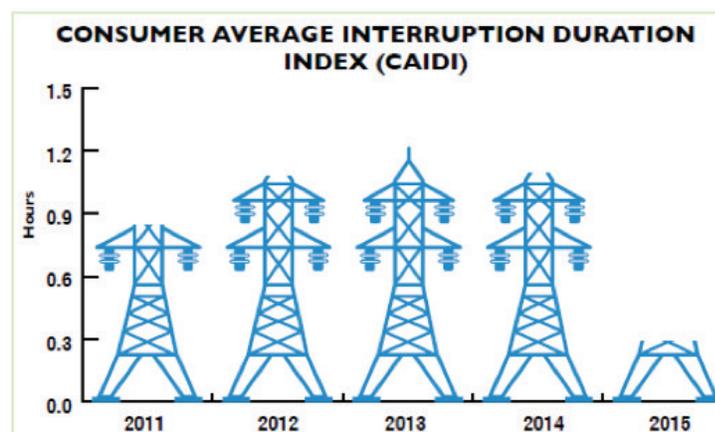
Source: Grenlec 2016



Grenlec focuses continuously on transforming and improving the efficiency and reliability of our nation's electricity service to provide greater value for our customers. Significant investments in new technologies and systems have created a world-class utility company that provides the high-quality service and strong reliability that our customers have come to rely upon.

Rapid Restoration

Grenlec has made consistent improvements year after year, with interruption duration at just 17.4 minutes — exceeding the performance of leading utilities in the U.S.



CAIDI is the average duration of an interruption. The average duration of an interruption to the power supply in 2015 was 17.4 minutes

Providing 24-Hour Customer Care

Grenlec frequently enhances the customer experience by implementing new technology. Our new voice technology provides automated account information, when a customer dials 237. Customers also have access to the 24-hour emergency and fault line.

Risk Management

For greater resiliency and storm preparation, Grenlec has established a Hurricane Fund which is now equal to the level of expenses (\$20 M) that resulted after Hurricane Ivan in 2004.

Fuel and Operational Efficiency

Grenlec is continuously optimising its electricity generation, transmission & distribution systems to manage costs, while nurturing a culture of high safety standards that protect our team members and customers.

Grenada's Electricity Prices

Contrary to recent assertions associated with the Electricity Supply Bill 2016 proceedings, Grenlec is regulated under the 1994 Electricity Supply Act, which includes a price-cap rate-setting mechanism for comprehensively governing and regulating Grenlec's rates.

In 2015, both fuel and non-fuel charges decreased significantly. The reductions comply with the Electricity Supply Act and demonstrate the effectiveness of current legislation in controlling electricity pricing. Since the privatisation of Grenlec, the non-fuel rate has decreased by 31.8% when adjusted for inflation.

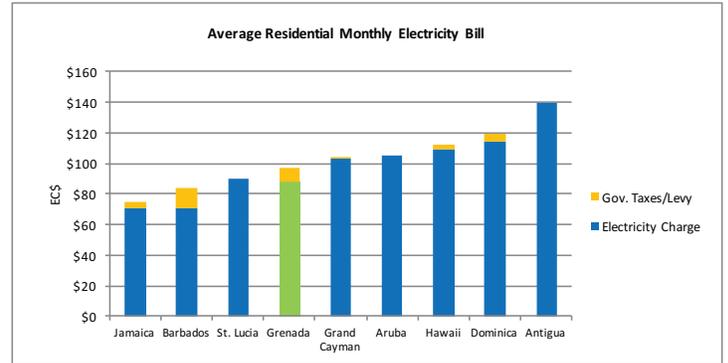
Grenada's Electricity Rates vs. Similar Islands

Having conducted a recent survey of electricity prices, Grenlec wants to correct the assertion that Grenada's electricity prices are the highest in the Caribbean or the world.

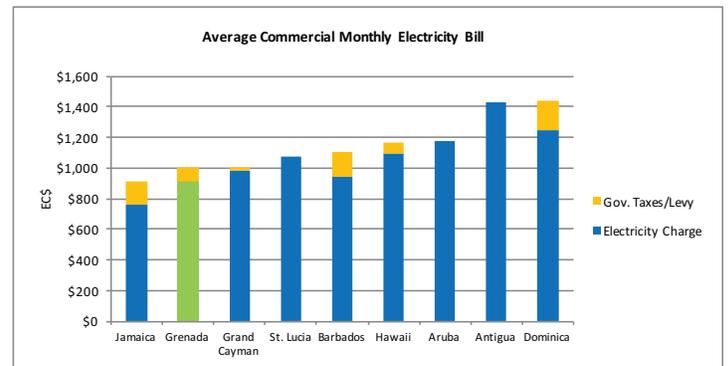
Grenada's current average residential electricity price at EC\$0.63/kWh is on par with other Caribbean islands. With much greater production and a population more than 10 times greater than Grenada, the U.S. Hawaiian Islands' residential rates are EC\$0.80-EC\$0.95/kWh.

Note that on islands with renewable energy generation of 20% or more, such as Aruba and the U.S. Hawaiian Islands, electricity prices are higher than in Grenada.

Grenada's commercial rates are lower than all of the islands referenced above, except for Jamaica. In this case, this should be expected given that Jamaica's electric system serves a population that is approximately 28 times greater than Grenada's.

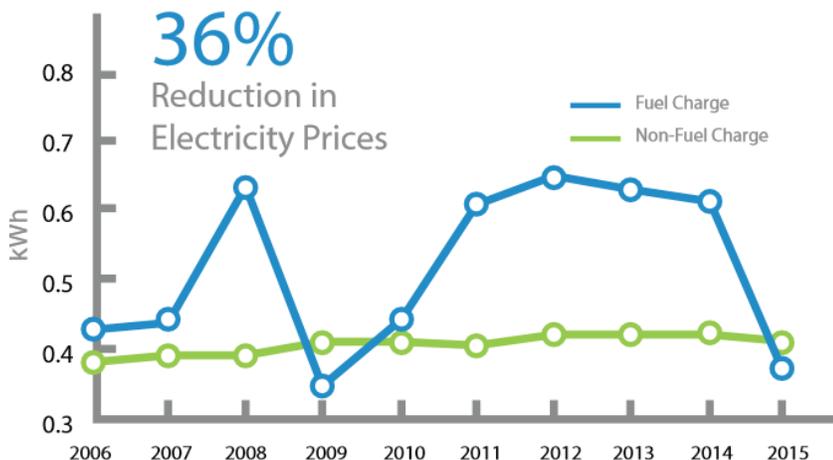


The average monthly bill is based on Grenada's average residential monthly usage of 141 kWh/unit. Data: April 2016



The average monthly commercial bill is based on a facility with a demand of 10 KVA or 2500 square feet. Data: April 2016

ELECTRICITY CHARGES (ANNUAL AVERAGE)



MONTHLY FUEL CHARGES

MONTH	2014	2015	2016
JAN		\$0.48	\$0.29
FEB		\$0.41	\$0.25
MARCH		\$0.38	\$0.23
APRIL		\$0.37	\$0.22
MAY		\$0.38	\$0.24
JUNE	\$0.63	\$0.39	\$0.26
JULY	\$0.63	\$0.40	\$0.28
AUG	\$0.63	\$0.39	
SEPT	\$0.62	\$0.35	
OCT	\$0.61	\$0.33	
NOV	\$0.58	\$0.32	
DEC	\$0.54	\$0.31	

While Grenada is transitioning to increased renewable energy, we are still affected by world fuel prices for electricity generation. This is why greater energy efficiency is important to Grenlec and all our customers.

Grenada's Electricity Prices

The Facts:

- Fuel charge has decreased by 51.7% (from \$0.5419 to \$0.2620 per kWh) since November 2014.
- Over the last 22 years, the non-fuel charge has decreased in real terms by 33.3% when adjusted for inflation.
- The combined effect of lower fuel costs and non-fuel charges has resulted in a 33.6% reduction in overall electricity prices since November 2014.
- Electricity rates are at the lowest level since 2007.
- Non-fuel charge has decreased twice over the last two years: 3.2% effective 1 November 2014, and 2.35% effective 1 January 2016.



Developing Renewable Energy

Grenlec has been leading the charge to develop renewable energy resources, which can help stabilise electricity prices in the medium to long term. Over the last decade, Grenlec has invested more than EC\$10 million in the research, development and deployment of renewable energy technologies. With the imminent completion of Grenada's largest renewable project, which includes sites at Queen's Park, Plains and Grand Anse, Grenada's renewable energy capacity to just over 2 MW. This is equivalent to approximately 7% of Grenada's peak power demand. Plans for additional renewable energy installations are in development.

Despite the low cost of fuel that has driven electricity prices down since 2014, Grenlec remains committed to promoting the growth of renewable energy. In fact, since 2007, Grenlec has been facilitating customer participation in renewable energy development.

Currently, over 1 MW of renewable energy is generated through Grenlec's voluntary Customer Renewable Energy Interconnection Programme — the first of its kind in the Caribbean.

To date, available suitable land has been the biggest impediment to increased renewable energy. Greater collaboration between the public and private sector can help alleviate the difficulty in attaining land for renewable energy installations. That's why Grenlec will continue pursuing requests to Government for

support in using Crown land for future renewable energy sites.

As Grenada and Grenlec continue to pursue our important agenda to develop renewable energy, it is important that we learn from other countries. In Germany, electricity prices have actually increased due to the rapid acceleration of renewable energy and the use of a feed-in tariff. Learning from these countries, Grenlec continues to urge a balanced and sustainable approach to renewable energy development to ensure that vulnerable customers are not unduly burdened by higher prices and reliability issues.

Grenlec Will Continue to Energise Our Grenada

As one of the most reliable, trusted utilities in the Caribbean, Grenlec continues to adapt and change as we meet the needs of our environment and the people we serve. Reliability, efficiency, renewable energy leadership, advanced technologies and excellent customer service are our hallmarks.

Electricity Supply Bill 2016

Answers to Our Customers' Questions



Introducing Mr. Watts
Grenlec's animated character

We are taking this opportunity to thank our customers for their interest in the Electricity Supply Bill and address the questions that are being asked of our team members about the new legislation.

“Are Grenada’s electricity prices the highest in the Caribbean or the world?”

Grenada’s domestic rates are comparable to or below other small islands, including Dominica, Grand Cayman, and Antigua, as well as islands with renewable energy generation of 20% or more, such as Aruba and U.S. Hawaiian Islands.

Grenada’s domestic rates are marginally higher than St. Lucia’s because of the taxes (VAT) imposed by the Government of Grenada on electricity.

Grenada’s commercial rates are lower than all of the islands referenced above. Grenada’s commercial rate is higher than Jamaica’s, and this is to be expected given that Jamaica’s electric system serves a population that is approximately 28 times greater than Grenada’s.

“Does Grenlec change rates when and how it wants?”

Under the 1994 Electricity Supply Act, Grenlec’s rates are strictly regulated. When the Company was privatised, rates were determined by a fixed price-cap formula that allows:

Monthly adjustments to the fuel charge, based on the cost of fuel.

Annual adjustments to the non-fuel charge, strictly in accordance with a rate formula requiring Grenlec to absorb 2% of inflation.

Government review and approval of non-fuel rate change applications as prescribed by law.

As shown below, Grenlec’s domestic electricity rates in 2016 are just EC\$0.12 more than in 1996, with fuel costs being responsible for two-thirds of this increase. The non-fuel charge has decreased by 33.3% when adjusted for inflation.

Period	Non-fuel Charge / kWh or unit (EC\$)	Fuel Charge / kWh or unit (EC\$)	Total Charge / kWh or unit (EC\$)	Total Charge / kWh or unit (US\$)
June 2016	0.41	0.26	0.67	0.25
June 1996	0.38	0.17	0.55	0.20
1994 (before privatisation)	Rates averaged \$0.55			

“Will liberalising the electricity sector result in lower prices?”

Not likely. For example, Jamaica with a population of 2.8 million opened its energy market to independent power producers in the early 1990s. In 2006, Dominica with a population of 70,000 liberalised its energy market. To date, these countries have only benefited from reduced electricity prices as a result of lower world fuel prices over the last 18 months, as Grenada has done.

In addition, multiple generators and distributors on a small island nation that lacks economies of scale could lead to higher costs and reliability risks due to duplicative systems and additional administrative and regulatory oversight.

“Will renewable energy necessarily lower electricity costs?”

Renewable energy can help stabilise electricity prices in the medium to long term. Even on islands with renewable energy generation of 20% or more, such as Aruba and the U.S. Hawaiian Islands, electricity prices are still higher than in Grenada.

In Germany, electricity prices have actually increased due to the rapid acceleration of renewable energy and the use of a feed-in tariff. Learning from Germany and other countries, Grenlec continues to urge a balanced and sustainable approach to renewable energy development to ensure that vulnerable customers are not unduly burdened by higher prices and reliability issues.

“Has Grenlec impeded Grenada’s efforts for increased renewable energy?”

No. Since 2007, Grenlec has been an active proponent of increased renewable energy in Grenada. Currently, over 1 MW of renewable energy is generated through Grenlec’s voluntary Customer Renewable Energy Interconnection Programme — the first of its kind in the Caribbean. Over the last decade, Grenlec has invested more than EC\$10 million in the research, development and deployment of renewable energy technologies, which will total 1.12 MW with the imminent completion of Grenada’s largest renewable project. This is equivalent to approximately 4% of Grenada’s peak power demand. Plans for additional renewable energy installations are in development.

To date, available suitable land has been the biggest impediment to increased renewable energy. Greater collaboration between the public and private sector can help alleviate the difficulty in attaining land for renewable energy installations. That’s why Grenlec will continue pursuing requests to Government for support in using Crown land for future renewable energy sites.

“Has privatisation of Grenlec depressed the economy and stifled Grenada’s economic activities?”

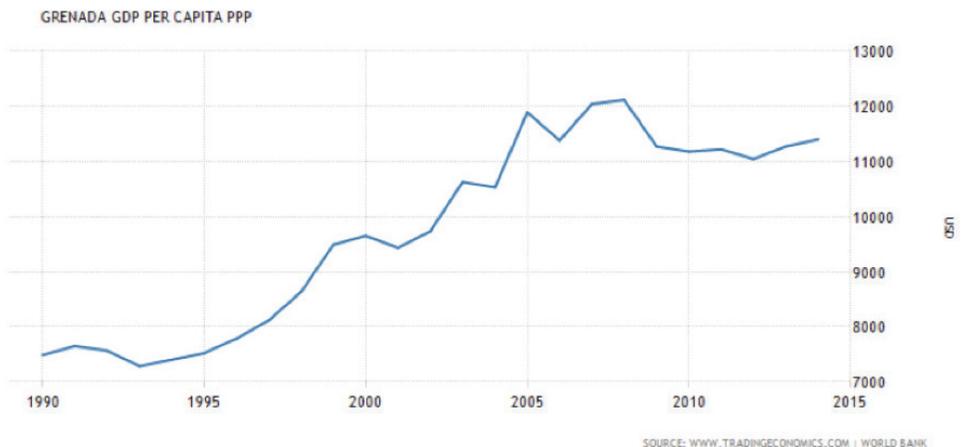
No. Grenlec has invested more than \$250 million to help transform our service from inefficient and unreliable to the modern, world-class electric utility it is today. Over the last 22 years:

Grenlec’s installed capacity, peak load, energy generated, and customer connections have more than doubled.

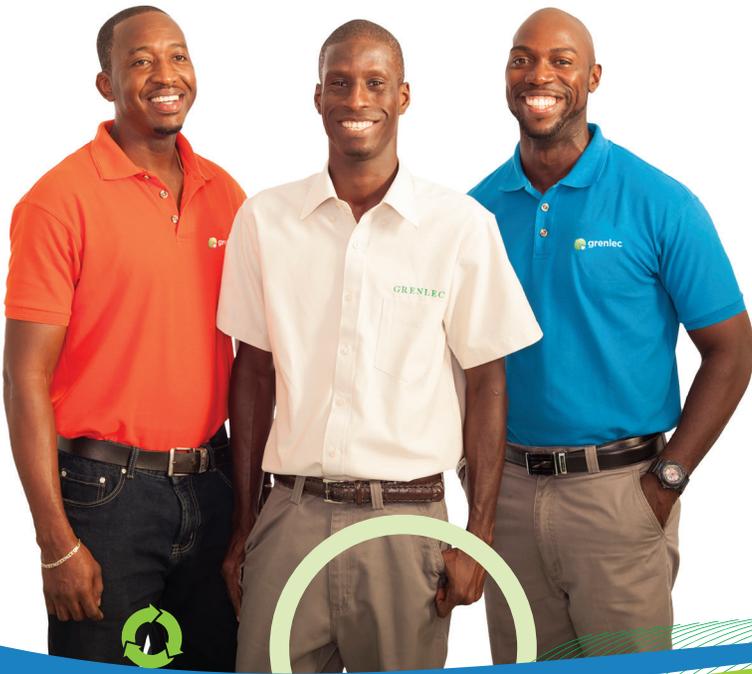
Grenada’s GDP per capita has increased by more than 50% since 1995, according to the World Bank.

Grenlec is widely recognised as a good corporate citizen and one of the best performing utilities in the Caribbean for price, reliability, system performance, fuel efficiency, rapid restoration, and financial stability. We are pleased to provide the excellent reliability and service that our customers rely on to power their lives.

For more information, please visit www.grenlec.com/energise



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