

## NJAC Viewpoint

### T&TEC plans double whammy for the poor man

In this modern world, there is hardly anything one can think of in which electricity does not play a part. So whenever electricity rates go up, so does everything else. There is a chain reaction. That is why there must be cause for concern on learning that the Regulated Industries Commission (RIC) has recommended an increase in electricity rates. NJAC understands that it is up to the government to “gazette these new rates” clearing the way for T&TEC to implement them. We will now take a look at the recommendations and the implications once recommended. With regard to the implementation, at this point in time it is not known what is the position.

T&TEC had submitted a rate review application, the basis of which being that the cost of providing electricity had increased because of higher fuel costs accounting for 69 per cent of T&TEC’s expenditure, whilst there had not been an increase in rates for the last 16 years. Moreover, T&TEC wished to undertake various projects, requiring an additional outlay of capital. As such, the RIC recommended increases which would mean the following.

With regard to residential customers, the monthly bill for those who use about 100 kilowatt hours (kWh) will move from \$13.18 to \$15.35, an increase of \$2.17 or 16.4 %; for those who use about 250 kWh the bill moves from \$29.94 to \$34.91, an increase of \$4.97 or 16.6%; customers using 400 kWh will see their bills increase by \$7.45, moving from \$46.70 to \$54.15, a 16.0 % increase; if you consume 600 kWh, you will see your bill move from \$69.05 to \$88, an increase of \$18.95 or 27.4% increase; the bill for a customer consuming 800 kWh will move from \$91.40 to \$119, an increase of \$27.60 or 30.2 %, whilst consuming 1300 kWh will see you pay \$210 instead of \$147.80, which is \$53.20 more or an increase of 36.5%. These figures are VAT exclusive, therefore you will have to add VAT to the new figures to determine what consumers will actually pay.

The RIC has proposed a \$5 million low-income assistance programme whereby those consuming up to 100 kilowatts an hour bi-monthly will receive an additional seven per cent discount, whilst those consuming up to 400 kilowatts an hour will have a further five per cent discount. It has been stated that “*rates for commercial customers effectively remain the same, while industrial customers will see marginal increases*”.

Now when these residential figures are analysed in what is a progressive rate structure, it can be seen that where the percentage rise and actual dollar increases are greatest, it constitutes the bulk of residential consumers. In other words, how many people in this country will have an electricity bill of \$13 or \$30? A very small percentage of the population. The average household uses all kinds of electricity consuming devices, all types of electronic equipment to place them safely out of those ranges and make them direct hits where the greatest dollar increases occur.

Also, percentage increases do not tell the whole story, because these increases mean a further reduction in people’s disposable incomes, which, particularly where the middle class and upper classes are concerned, are already considerably shrunken because of continuous increases in the cost of living, salaries that considerably lag behind those increases and long term financial commitments. So that when the month ends, a large number of these people are almost “broken” as we say.

But this, to NJAC, is only the beginning of the story, for increases in electricity rates will lead to an increase in the cost of living across the board. Prices go up all around, just as it happens when oil and gas prices go up – transport, groceries, whatever. The poor, suffering person will therefore have to pay, just like everyone else and hardships will continue to increase and multiply.

On the other hand, commercial and industrial customers will remain unscathed or very slightly affected by the new proposed rates and at the same time one can be sure that the cost of their services will increase. So if it is, by chance, that the RIC was thinking that by leaving these areas alone, they would not increase the cost of their goods and services, think again. It does not work like that in the real world. The poor man will be experiencing at least a double whammy – from the direct electricity rate hike and from the attendant increase in the cost of living, making survival even more difficult, whilst life is made easy for the large business concerns.

Even when we look at the “assistance” proposed for the very low income earners, applications have to be made out and registered with T&TEC and then T&TEC has to determine whether they are legitimate low income earners, before they can benefit. This means that bureaucracy comes into play here and the question arises, how long would such a process take? NJAC suspects that given how things work in T&T, a very long time, during which, the applicant will have to deal with the rising costs and the frustrations which may arise in having the matter finalised. Additionally, how many of these people will be aware of this facility in the first place?

Once rates are implemented, people can look forward to another round of pressure. What we need to know is, has this been done? When people receive their new bills, will they be at the new rates?

**NJAC asks: What is the Position?**