

MINISTRY PAPER No. _____

**PERFORMANCE OF THE RURAL ELECTRIFICATION PROGRAMME LIMITED FOR
FINANCIAL YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007**

1.0 Purpose of Ministry Paper

The purpose of this document is to inform Parliament and the public about the performance of the Rural Electrification Programme Ltd. (REP) for the 2005/2006 Financial Year and its focus for the 2006/2007 Financial Year.

2.0 Mission

The mission of the REP is to contribute to the economic growth and development of the country by providing affordable access to electricity islandwide and regularizing urban electrification.

3.0 Background

3.1 REP Mandate

The Rural Electrification Programme (REP) was incorporated in 1975 as an executing agency of the Government, following a feasibility study which indicated a need for rural electrification and a dedicated unit for its implementation. The Company was formed to carry out the expansion of electricity services to rural areas, where the expansion of such service would not be financially viable to a commercial electricity retailer such as the JPSCo. Its mandate was, and still is, the construction of electrical distribution pole lines in non-electrified areas and the provision of house wiring assistance through affordable loan programmes to householders who would be given access to the service by the newly erected lines. Additionally, REP offers house-wiring assistance to needy householders in already electrified areas through a Revolving Fund Programme.

3.2 Broadening of Mandate

The mandate of the REP was expanded in 2003 to incorporate the Urban Electrification Regularization Programme Limited (UERP). This was in an attempt to minimize unauthorized connections and reduce the risk of fires and injury to persons and property. The Programme commenced with implementation of a pilot project aimed at regularizing electrical connections to one thousand (1,000) houses in selected urban communities.

4.0 Function

The primary role and functions of the Agency are to:

- Raise the standard of living of rural householders by providing affordable access to electricity.
- Regularize and formalize the distribution and use of electricity in the inner city communities in order to foster and inculcate a culture of lawful electricity use based on agreed payment for service
- Remove the threat to personal and property safety posed by illegal abstraction of electricity and faulty house wiring.

5.0 Objectives and Targets for Financial Year 2005/2006

For the 2005/2006 Financial Year, the REP was allocated a budget of fifty million dollars (\$50 M) as overhead support to achieve the targets set for that financial year. These were:

- (a) Complete the remaining ten percent (10%) of pole line construction in GOJ 2003/2004 40 km project.
- (b) Increase the number of customers responding to marketing in GOJ 2003/2004 project from six hundred and ninety nine (699) to the targeted eight hundred (800) houses and have house wiring completed and certified.
- (c) Increase number of inner city householders responding to marketing in pilot phase of UERP from one hundred and ten (110) to the targeted eight hundred (800) houses, and complete wiring and certification.
- (d) Complete wiring and certification of the remaining two hundred and fifty (250) of one thousand three hundred and fifty four (1,354) houses contracted for housewiring in Revolving Fund 'M'.
- (e) Increase the number of customers responding to marketing in Revolving Fund 'N' from six hundred and seventy one (671) to the targeted one thousand (1,000) houses, and complete wiring and certification of houses.
- (f) Wiring of one thousand (1,000) houses to be funded from Revolving Fund 'O'.
- (g) Complete private projects funded outside the budget and continue to market the services of the Agency so as to become more involved in private ventures as a means of revenue enhancement.

Additionally, within the 2005/2006 reporting year, REP undertook some special projects for the following clients. These include:

(a) Office of National Reconstruction (ONR)

REP was required to provide electrical infrastructure for four (4) subdivisions being developed by the ONR to relocate locals who were dislocated by Hurricane Ivan. These

areas are Bourkesfield in St. Catherine, Portland Cottage and Rocky Point in Clarendon, and Brighton in Westmoreland. Total estimated cost is \$19.2 M.

(b) National Housing Development Corporation (NHDC)

REP was to provide electrical infrastructure to two (2) Operation Pride subdivisions being developed by NHDC. These are Vaughnsfield in St. James at an estimated cost of \$2.9 M, and Belle-Air in St. Ann at an estimated cost of \$19.75 M.

6.0 Highlights of Achievements – Financial Year 2005/2006

6.1 Table 1: Summary of Achievements for Financial Year 2005/2006

Target	Actual
1) GOJ 2003/04 (\$35M) – 36 km distribution lines and 800 houses	100% of pole line construction completed with 36km of pole line constructed and certified in 28 communities and 750 houses wired and certified.
2) UERP (\$20M) wire 1,000 inner city houses	979 houses have been marketed in 7 broad communities, 246 have responded so far by paying their deposits, 243 house wiring contracts awarded and 45 completed and certified so far.
3) Revolving Fund 'M' (\$18M) - 1,300 houses	House wiring of 1,356 houses completed and certified.
4) Revolving Fund 'N' (\$15.2M) - 1,000 houses	House wiring contracts awarded for 1,013 houses. 933 have been completed and certified.
5) Revolving Fund 'O' (\$16.5M) - 800 houses	1,072 houses marketed, 697 paid deposits, house wiring contracts for 638 houses awarded and 119 are completed and certified.
6) Private Projects: 6.1) Duckensfield Estate, St. Thomas (\$2.2M) funded by Sugar Company of Jamaica	Pole line extension completed and certified, 48 houses wired and certified under the Revolving Fund 'O'
6.2) Ragsville Subdivision, St. Catherine, (\$0.8M) funded by NHDC	Pole line distribution completed and certified.
6.3) ONR Projects	Bourkesfield: Engineering designs completed, construction started. Portland Cottage: Construction 70% completed. Rocky Point: Construction 90% completed. Brighton: Construction 90% completed.
6.4) NHDC Projects	Engineering designs are completed for Vaughnsfield and Belle-Aire but construction has not started.

6.2 GOJ 2003/2004 Project

Delay in completing the GOJ 2003/2004 project resulted from a reduction of \$17.55 M in REP's budget allocation for the 2003/2004 period. During the 2003/2004 year, REP received \$73.13 M from an initial budget allocation of \$90.7 M.

6.3 UERP Project

This project initially targeted the wiring of one thousand (1,000) houses. The scope was subsequently changed to wire eight hundred (800) houses and extend distribution power lines of approximately 5 km.

This change was necessary to facilitate the wiring of houses that were too distant from the existing power lines. To date the wiring of the houses is behind schedule due to the following reasons:-

- 1) The slow pace at which the inner-city residents responded to and accepted REP's house wiring scheme by paying their initial deposits.
- 2) In most cases local contractor labour was used (i.e. from within the communities) and, though qualified, proved less time-efficient than REP's regular contractors.
- 3) The contractors on this project were new and therefore were issued only enough material to wire five (5) houses at a time as opposed to the normal procedure of issuing all material for the houses that were awarded. This strategy was utilized as a precautionary measure.
- 4) Sporadic flare-ups of violence in volatile communities disrupted the wiring process.

7.0 - Corporate Plan - Summary of Main Programmes 2006/2009

Estimated Expenditure: \$ excluding grants and project expenditure independently funded

Priority Policy Issues	Objectives/Policy Outcomes	Strategies	Performance measures/outcome Indicators	Major Tasks, Targets, Resources and cost by Quarter		
				Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
<u>Rural Electrification</u>						
Provide access to the entire rural Jamaica.	Construct 510 km of distribution power lines (170 x 3) Wire 9,240 houses (3,080 x 3)	Seek grant and loan Funds to implement projects	# of km of power lines built # of rural houses wire		(M)	(M)
				Material	166.40	172.40
				Labour	104.30	109.40
				Other Capital Cost	-	-
				Overheads	<u>60.00</u>	<u>61.60</u>
Total	\$347.30	<u>330.70</u>	<u>343.40</u>			
<u>Urban Electrification</u>						
Rewire inner-city houses to reduce risk of fire, injury to property and life	wire 3,000 houses (1,000 x 3)	seek the requisite funding	# of inner city houses wired (regularize)		(M)	(M)
				Material	15.50	16.30
				Labour	14.60	15.30
				Overheads	<u>7.90</u>	<u>8.20</u>
				Total	Nil	<u>38.00</u>

8.0 Operational Plan - Summary of Main Programmes 2006/2007

Estimated Expenditure: \$115 Million

Priority Policy Issues	Objectives/ Policy Outcomes	Strategies	Performance Measures/ Outcome indicators	Major Tasks, Targets, Resources and Cost by Quarter				
				First Quarter (April 1- June 30, 2006)	Second Quarter (Jul 1- Sept 30, 2006)	Third Quarter (Oct.1 – Dec . 31, 2006)	Fourth Quarter (Jan.1 – Mar. 31, 2007)	
Provide access to electricity to the entire rural Jamaica	Construct 40 km of distribution power lines islandwide	Utilize Grant funding	# of km of power lines built		(M)	(M)	(M)	(M)
				Material	\$15.0	\$ 8.6	-	-
				Labour	\$ 2.8	\$ 5.0	\$ 4.5	\$ 4.5
				Other	\$ 1.0	\$ 3.3	-	-
				Overheads	\$18.0	\$17.8	\$16.5	\$18.0
Total	\$36.8	\$34.7	\$21.0	\$22.5				

9.0 Summary Operational Plan for Financial Year 2006/2007

9.1 The proposed targets for the Financial Year 2006/2007 are as follows:

- a) Construct 170 km of distribution power lines and wire three thousand and eighty (3,080) rural houses.
- b) Continue to pursue the UERP mandate and increase success by collaborating with JPS.
- c) Complete wiring of the eighty (80) outstanding houses in Revolving Fund 'N'
- d) Increase number of customers responding to marketing in Revolving Fund 'O' from six hundred and ninety seven (697) to eight hundred (800) and have house wiring completed and certified.
- e) Carry out wiring of one thousand (1,000) houses; to be funded by Revolving Fund 'P'.
- f) Complete private projects funded outside the budget and continue to market the services of the Agency so as to become more involved in private ventures as a means of revenue enhancement.

10.0 Budgetary Allocation

The revised estimate for 2005/06 was \$47.3M. The proposed budget for the 2006/2007 Financial Year is \$115 M.

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