

MINISTRY PAPER No.: _____

**PERFORMANCE OF THE RURAL ELECTRIFICATION PROGRAMME LIMITED
FOR FINANCIAL YEAR 2006/2007 AND FOCUS FOR FINANCIAL YEAR
2007/2008**

1.0 Purpose of Ministry Paper

The purpose of this Ministry Paper is to inform Parliament and the public about the performance of the Rural Electrification Programme Ltd. (REP) for the 2006/2007 Financial Year and its focus for the 2007/2008 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's 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 remains, 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 electricity service from the newly erected electricity 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 (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 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 2006/2007

For the 2006/2007 Financial Year, the REP was allocated a budget of \$86.4 M as overhead support to achieve the targets set for that financial year. These targets were:

- (i) Increase the number of inner city householders responding to marketing of the pilot phase of the UERP, from two hundred and forty six (246) to the targeted one thousand (1,000) houses, and complete wiring and certification
- (ii) Complete house wiring activities under the Revolving Fund "N" Project. At the beginning of the review period, nine hundred and fifty eight (958) houses were completed and certified. One thousand and thirty three (1,033) customers had responded to marketing by paying their deposits, exceeding the target of one thousand (1,000)
- (iii) Implement and execute house wiring under the Revolving Fund 'O' Project. Eight hundred (800) houses throughout rural Jamaica were targeted for housewiring under this project
- (iv) Undertake the construction of forty (40) km of rural electrical distribution pole lines under the GOJ 2006/2007 Project. This target was subsequently revised to eighty seven (87) km
- (v) The houses given access by the extensions under GOJ 2006/2007, estimated at seven hundred and twenty (720), were to be wired from the Revolving Fund 'P' Project
- (vi) 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.

Additionally, within the 2006/2007 reporting year, the REP undertook some special projects for the following clients. These include:

(i) Office of National Reconstruction (ONR)

REP was required to provide electrical infrastructure for four (4) sub-divisions 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.

(ii) National Housing Development Corporation (NHDC)

REP was to provide electrical infrastructure to three (3) Operation Pride subdivisions being developed by NHDC. These are Vaughnsfield in St. James at an estimated cost of \$2.9 M, Belle-Air in St. Ann at an estimated cost of \$19.75 M and Mammee Bay, St. Ann at an estimated cost of \$11.2M.

6.0 Highlights of Achievements – Financial Year 2006/2007

6.1 Table 1: Summary of Achievements for Financial Year 2006/2007

Target	Actual
1) GOJ 2006/07 (\$47.5M) – 40 km distribution lines and 800 houses	Procurement underway for 87 km of pole line material.
2) UERP (\$20M) wire 1,000 inner city houses	611 households have paid deposits, 334 completed and certified.
3) Revolving Fund 'O' (\$16.5M) - 800 houses	100% completed with 852 houses wired and certified.
4) Revolving Fund 'P' (\$18M) 720 houses	Contracts awarded for procurement of housewiring materials. Materials delivered. Marketing of rural householders started.
5.0) Private Projects 5.1) ONR Projects	<i>Bourkesfield:</i> 40% of construction completed. Project stalled due to lack of funding. <i>Portland Cottage:</i> Construction completed and certified. <i>Rocky Point:</i> Construction completed and certified. <i>Brighton:</i> Construction completed and certified.
5.2) NHDC Projects	<i>Belle Air:</i> 40% completed. <i>Vaughnsfield:</i> Contract awarded for construction. <i>Mammee Bay:</i> JPS to release pole line materials for project.

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 km/yr) Wire 9,240 houses (3,080 houses/yr)	Seek grant and loan Funds to implement Projects	# of km of power lines built # of rural houses Wired		(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/yr)	seek the requisite funding	# of inner city houses wired (regularized)		(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 Summary of Operational Plan for Financial Year 2007/2008

8.1 The proposed targets for the Financial Year 2007/2008 are as follows:

- a) Complete construction of 87km of distribution lines
- b) Wire seven hundred and twenty (720) houses under Revolving Fund P
- c) Wire one thousand (1,000) houses under Revolving Fund R
- d) Complete the UERP Project
- e) Continue to pursue private projects
- f) Secure funding under the Bandes Agreement for a US\$9.4M project.

9.0 Budgetary Allocation

The revised estimate for Financial Year 2006/2007 was \$86.366 M. The budget for the 2007/2008 Financial Year is \$70 M. However, a loan of US\$9.4M is being pursued. Should this loan materializes, the REP would have adequate funds.

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