



LUCELEC
ST. LUCIA ELECTRICITY SERVICES LIMITED
The Power of Caring

LUCELEC

POWERING AN ISLAND NATION





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Saint Lucia did not attain full independence till 1979, so as a nation it is just 35 years old: nevertheless its electric power utility Saint Lucia Electricity Services Limited (LUCELEC) was established in 1964, which means that this year it is celebrating its 50th anniversary

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Line maintenance work
being carried out

From the outset LUCELEC's mission has been to provide an excellent service to its customers by adequately supplying a reliable and continuous electrical supply to the Saint Lucian population, at an affordable cost. Though it serves a small country of fewer than 175,000 souls, LUCELEC's approach has earned it a reputation across the Caribbean as a very well-run, world-class utility regarded as a best practice benchmark company with a strong emphasis on customer service, innovation, employee development and social and economic development. The company went public in 1994, and its shares are traded on the Eastern Caribbean Securities Exchange.

The company emerged as a unified and centrally managed source of power, from several small facilities dispersed around the

years ago there were still plenty of people who remembered the days when all we had were a couple of small systems in the larger communities, providing power for limited periods in the day," he recalls. "We had already made significant progress, but we have made a lot more since. The system has now been developed island wide. Over 99 percent of customers who want electricity have access to it. Quality and reliability of supply has increased by leaps and bounds."

By the end of the 1980s the company was virtually self-sufficient in all but the most specialised needs. In 1990, new generating and transmission systems were commissioned which redefined the standards the company had previously applied to all its operations. The Cul de Sac power station was inaugurated

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island. This allowed for the expansion of facilities island-wide, as well as the opportunity to rationalise operating costs. The 1970s saw the company facing an explosion in the demand for power as hotel development and banana production transformed the economy. By the early 1980s it was clear that the company was entering a new phase and better trained people were needed to cope with an increasingly technological environment. The company initiated a highly successful craft apprenticeship programme and began the recruitment of graduate staff for all senior positions. Trevor Louisy was one of these graduates, a specialist in electrical engineering. He rose through the ranks becoming LUCELEC's Managing Director in 2005. "When I joined the company 28

with three fuel-efficient, six to seven megawatt MAK engines. A 66 kV transmission system was introduced allowing the more efficient flow of power around the island. Over the years the company has added seven larger Wärtsilä units. The ultra modern power station and distribution grid are now the envy of sister utilities in the Eastern Caribbean says Louisy. Today LUCELEC employs 250 people but creates up to another 200 jobs within Saint Lucia through its contractors, who mainly work on transmission and distribution infrastructure maintenance, vegetation management and street lighting maintenance. These contractors, he says, have been developed and trained by LUCELEC over many years.

But there is always room for improvement. "In 2014 we will be trying to improve our



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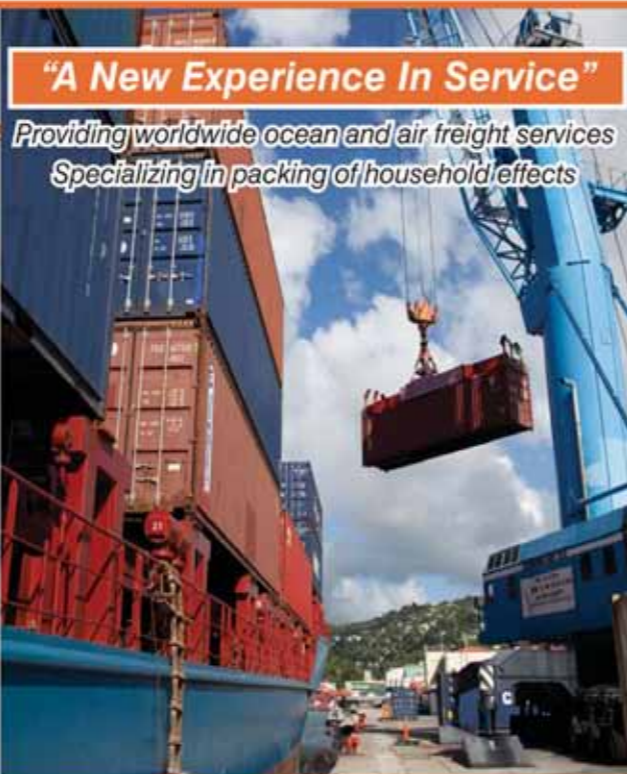


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performance in certain specific areas, such as losses, efficiencies and corporate diversification." Losses are calculated by subtracting the units generated from those sold or consumed. The difference could be technical or non-technical - the latter a combination of illegal energy extraction such as meter tampering or losses resulting from old and inefficient meters. "We have made good progress in dealing with technical losses and we are working very hard to reduce our non-technical losses," he says. "Last year we finally got total losses below the nine percent level and this year our target is to get the figure down to eight percent or lower."

For larger utilities the buzzword is smart metering. LUCELEC is keeping a close watch on innovation and as part of its programme of phasing out old meters is installing equipment that will support smart grid technology. That's one for the future though. For now Trevor Louisy is keen to advance the adoption of alternative, green power on the island. "Developing alternative power sources is a major priority for us. We are disappointed that we have not made as much progress in the area of renewable energy as we

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CONGRATULATIONS TO LUCELEC ON THEIR 50TH ANNIVERSARY

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would have liked, but I am hopeful of seeing reasonably significant developments this year and next year.” LUCELEC and the Saint Lucia government have been in talks aimed at reaching a consensus over renewables now that the country has changed its target to source 35 percent of its energy from renewable sources by 2020, up from 20 percent.

Wind power is on the agenda, however Louisy is very conscious that the sun that brings tourists to the island could also be a major contributor to the energy mix and help reduce dependence on fossil fuels. “We have had some significant discussions regarding utility scale solar installations. Right now we are entering the third year of a pilot photovoltaic (PV) rooftop installation program and are currently finalising the tariff mechanism that governs how these systems feed into our grid.” The aim is to allow residential customers to connect systems of less than five kW to the

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network - for now the main brake on rollout is the high capital cost.

Recent discussions with the World Bank could open the way to a very interesting geothermal power project, he adds. Saint Lucia has geothermal potential from the sulphur springs in the west coast town of Soufriere, and Dr James Fletcher, Minister for Sustainable Development, Energy, Science and Technology wants to see this potential developed. “We believe it gives us an excellent opportunity to bring down the price

of electricity, secondly it gives us some buffer in volatility in world oil prices - and the more we can move our dependence away from oil and diesel, then the better for us,” he says.

Though it’s not as green as these technologies, natural gas is more environmentally friendly than oil and its increased use would help bring down electricity tariffs for consumers. In the absence of its own gas resources Louisy would like to be able to shift over to natural gas, but is constrained by the existing diesel plant at Cul de Sac. “We looked at HFO a few years ago but found that the investment we would have to make to convert our plant was significant, and it was around the same time that the differential between heavy fuel and diesel had reduced significantly, and along with the environmental considerations, we decided not to go ahead with that. However we took a policy decision that for



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any new facility we might build we would commission engines designed to run on all or any of these fuels.”

To reassure and attract potential investors Saint Lucia is moving to set up an independent national utilities regulator and recently brought together public and private sector stakeholders to discuss the draft legislation. LUCELEC is supporting this process, says Louisy, and taking a proactive stance in the discussions: “We want to make sure that there is transparency and integrity and that the government maintains a sort of arm’s length approach, not influencing or instructing the regulator as to what decisions they should reach!” At its own expense the company has been preparing the organisation and the staff, and engaging the external stakeholders, including the government, towards an understanding of the nature of regulatory best practice. Experts from the London School of Economics were invited to Saint Lucia last year to conduct in-house training “If regulation is not managed properly it can become very costly,” he concludes. “We are trying to make sure that we do the right things from the beginning rather than trying to correct errors at a later stage, when the damage is already done.”

As a responsible service company LUCELEC has a robust CSR policy informed by ISO 26000:2010 guidance. “We aim to integrate, implement and promote socially responsible behaviour throughout the organisation and through our policies and practices, right across our sphere of influence,” says Trevor Louisy. The policy translated to

practical wins throughout 2013 in the areas of environment, sport, education, charity, culture and enterprise. Among these was funding for access to early childhood development interventions for children and parents in disadvantaged communities benefiting 3,029 children from 2,918 families. LUCELEC was the main sponsor for the National School Sports programme which included inter-school competitions in football, netball, basketball, cricket, athletics and tennis. It also sponsored the National Arts Festival, with a range of performing arts projects, and the Folk Research Centre’s Jennes Kwéyòl Pageant which encourages secondary school students to celebrate the island’s creole heritage.

In the past 15 years LUCELEC has demonstrated a capacity to anticipate and plan for or respond to the changes in the industry and the operating environment, Trevor Louisy relates with pride. “Our resilience and response capacity has been tested and demonstrated with recent natural disasters like Hurricane Tomas in 2010 and more recently on the Christmas Eve trough, where we had significant rains on Christmas Eve and on Christmas morning with the loss of a number of lives. We are confident that we can rise to whatever new challenges are on the horizon!” **BE**

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