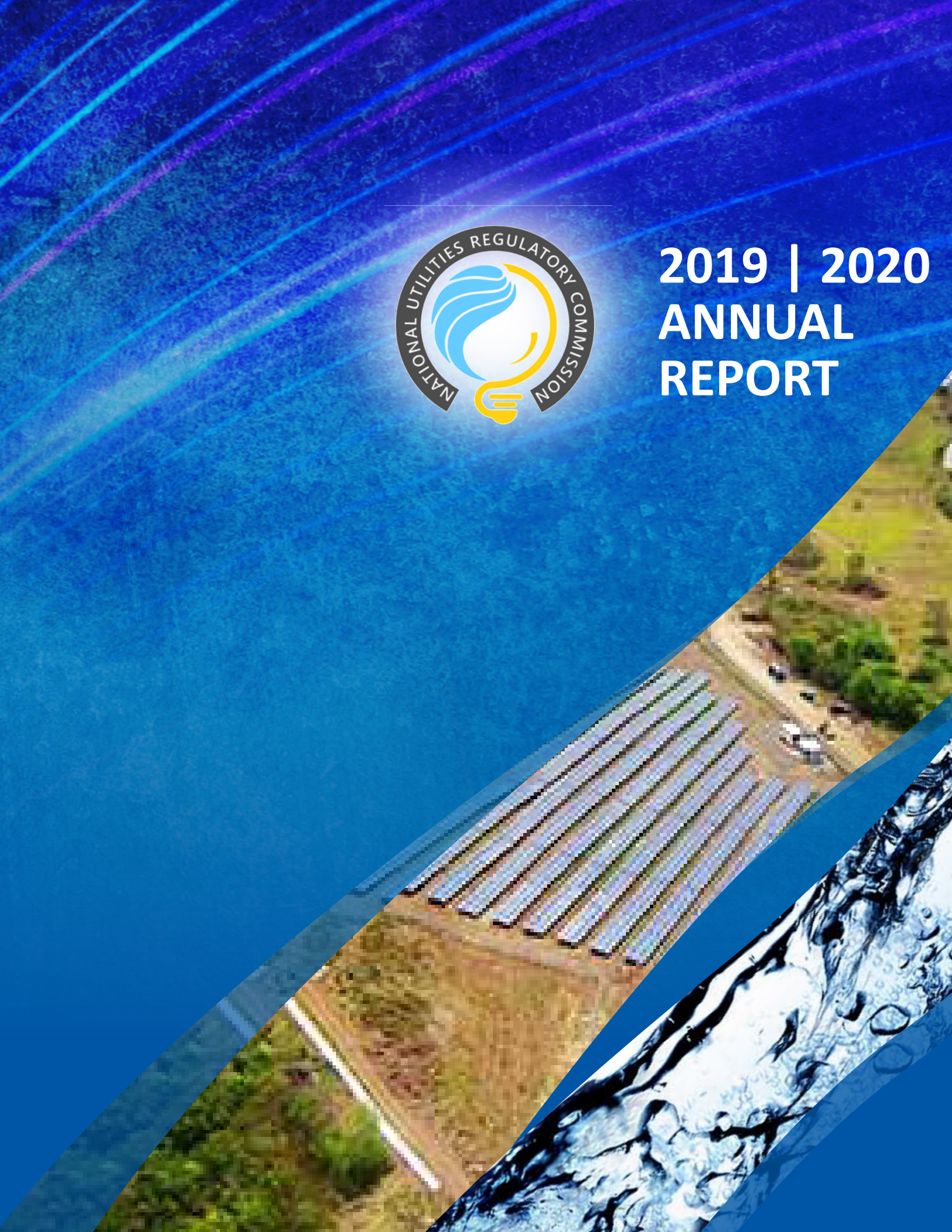




2019 | 2020 ANNUAL REPORT





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▶ REMARKS BY THE CHAIRMAN OF THE COMMISSION



Mr. Lawrence Nervais
Chairman

The National Utilities Regulatory Commission Act 2016 mandates the submission of an annual report on the operations, activities and transactions of the Commission to the Minister. This report represents the events of the NURC for the years 2019 and 2020 combined. The delay of the 2019 report was due to the inability of the Commission to receive the required information from the utility sector in time to meet the stipulated timeframe enshrined in the legislation.

The year 2020 provided tremendous challenge for organizations and individuals worldwide and the NURC was not spared from the ravages of the global pandemic COVID-19. Notwithstanding, the Secretariat seamlessly converted to remote working for several months and continued to serve its many customers and stakeholders. The entire period under review however was governed by the Commission with much alacrity and dedication.

The NURC pursued a campaign of capacity building and institutional strengthening by submitting proposals for grant funding to several multilateral and governmental agencies. We

were fortunate to benefit from the generosity of the United States Department of State (USDOS); United States Agency for International Development (USAID); Caribbean Development Bank (CDB); and CARICOM Policy & Regulatory Help Desk. These agencies all provided technical assistance to support the NURC in developing the necessary policies and procedures for the maintenance of its regulatory functions.

This support enabled the NURC to finalize the Grid Code which “covers the guiding principles, operating procedures and Technical Standards governing the installation, operation, maintenance, safety, and performance of the Saint Lucia Grid and all interconnected Generating Facilities”. This project, sponsored by the USAID and facilitated by Deloitte Consultants, was necessary to ensure safe, secure, economic and proper functioning of the electricity system. It is expected that the Grid Code will form part of the Electricity legislation when enacted.

The USDOS provided assistance which enabled two Commissioners and the Chief Executive Officer to participate in the PURC/World Bank International Training Program on Utility Regulation and Strategy. Further, USDOS also provided support for an in-country Capacity Building workshop facilitated by the National Renewable Energy Laboratory (NREL) in collaboration with the Public Utility Research Centre (PURC). The agenda for this workshop contained relevant topics that assisted participants in exploring the technical, legal and economic avenues of utility

regulation and prepared them to embrace the new energy environment.

The Caribbean Development Bank also provided support for development of a Strategic Plan and Operational Procedures, to strengthen the institutional capacity of NURC, to deliver its mandate. A team from Trinidad and Tobago-based Odyssey Consult Inc., conducted workshops and provided technical assistance to the Commission and Secretariat staff. We look forward to the culmination of this project into an actionable strategic plan and subsidiary procedural documents by March 2021.

The CARICOM Secretariat provided support to undertake a “Study for Establishing Rates for Renewable Energy for Saint Lucia”. This study was undertaken as part of the NURC’s preparation for determining renewable energy rates and was financed under CARICOM’s Technical Assistance Programme for Sustainable Energy in the Caribbean (TAPSEC). TAPSEC is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (Giz) GmbH, with the Caribbean Community (CARICOM) Secretariat and the Ministry of Energy and Mines (MEM) of the Dominican Republic as main implementing partners. GOPA International Energy Consultants engaged stakeholders in several workshops and interviews aimed at providing a tailored study for Saint Lucia’s energy environment. We look forward to the final report in April 2021.

The NURC kept active in monitoring the energy, water and sewerage sectors and in September 2019

took the decision to cap the project cost of the John Compton Dam Rehabilitation Project to ensure that customers are not subject to exorbitant rates in the future. The Commission also deliberated on matters relating to the energy sector and was successful in causing LUCELEC to remove a mandatory insurance clause in the Interconnection Agreement for solar photovoltaic distributed generation.

Notwithstanding the NURC’s successes in building internal capacity and regulating the sectors under its purview, the organization continues to be paralyzed by insufficient revenue to meet its basic operational cost. The absence of legislation that would cause proper licensing and regulating of the energy sector continues to hamper the organization’s exuberance. It is our hope that the Electricity Bill can be enacted early in 2021.

The strength of the NURC stands on the team of committed and dedicated professionals of the Secretariat who, under the leadership of the Chief Executive Officer, undertakes research and analysis to assist the Board of Commissioners in decision making. I wish to extend deep appreciation to each of them and encourage them to remain focused in delivering the quality service that they provide.

Thank you.

Lawrence Nervais
Chairman



VISION

To be seen and accepted as an effective, fair and responsible regulator of water, sewerage and electricity supply services in Saint Lucia.

MISSION STATEMENT

The National Utilities Regulatory Commission is committed to regulating the water, sewerage and electricity supply services so that all consumers will have access to a reasonably priced and reliable supply of high-quality potable water, sewerage and electricity services and that Service Providers obtain a fair and reasonable return on investment.





Introduction

This, the fourth report of the National Utilities Regulatory Commission (NURC) will inform Parliament and the country of the regulatory activities and financial operations of the NURC for the period January 1st to December 31st, 2019.

The NURC was established in 2016 by the National Utilities Regulatory Commission Act No. 3 of 2016 as a body corporate. Under the Act, the NURC is charged with the responsibility of regulating the provision of utility services in the following areas:

- Electricity;
- Water and;
- Sewerage

Functions Of The NURC

The primary functions of the Commission are defined in Section 6(1) of the National Utilities Regulatory Commission Act No. 3 of 2016 and includes inter alia:

- To advise the Minister on the formulation of national policy on matters relating to utility supply services.
- To promote the efficient and economic development of the utility supply services sector.
- To ensure the economic regulation of utility supply services.
- To ensure compliance with the Government's international and regional obligations relating to utility supply services.
- To be responsible for the technical regulation of utility supply services and the setting of technical standards having regard to international standards and best practice relating to utility supply services.
- To receive, consider and determine applications for service licences to provide utility supply services pursuant the Regulatory Acts.
- To establish, approve, monitor and review tariff schemes and tariffs in accordance with any Regulatory Act.
- To monitor and ensure that service licensees comply with the conditions attached to their service licences.
- To monitor and ensure compliance with standards set pursuant to section 45(2);
- To ensure the protection of the interest of consumers in relation to the provision of the utility supply service.
- To receive and evaluate consumer complaints and resolve disputes in accordance with section 39.
- To promote competition and monitor anti-competitive practices in the utility supply services and advise the competent authority responsible for the regulation of anti-competitive practices accordingly.
- To maintain a register containing records of service licensees in the prescribed form.
- Undertake in conjunction with other institutions and entities where practicable, training, manpower planning, seminars and conferences in areas of national and regional importance in utility supply services.
- To conduct research relating to utility supply services as may be necessary.
- To report to and advise the Minister on the economic, financial, legal, technical, environmental and social aspects of the utility supply services sector.
- To require payment of and collect fees payable under this Act and the Regulatory Acts.
- To perform such other functions specified in this Act, any other Regulatory Acts or the Regulations.

Composition Of The Commission

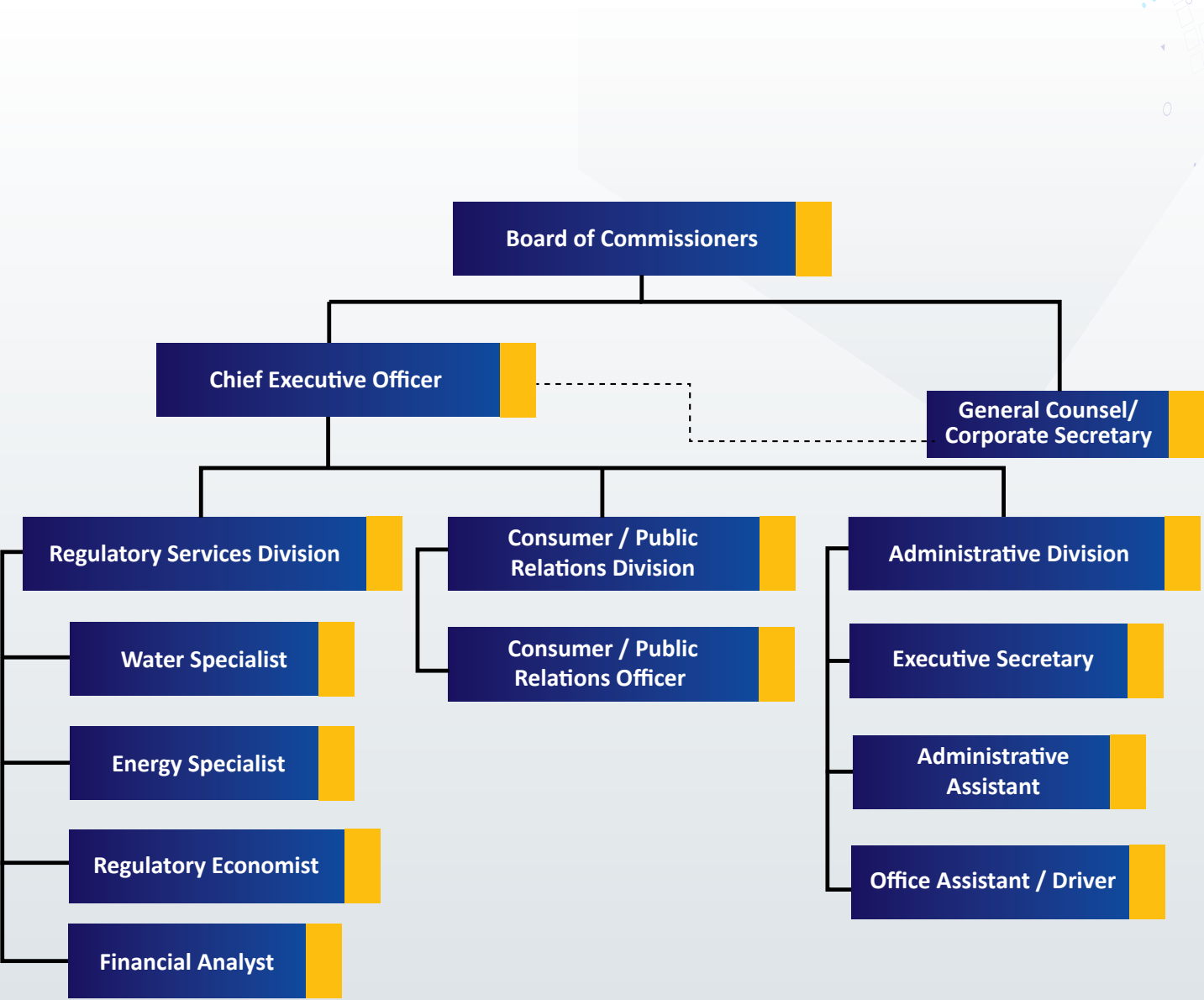
The NURC Act No. 3 of 2016 mandates the appointment of a Board of Commissioners. The seven (7) member Board appointed by the Minister for Public Utilities effective June 26, 2018, comprised the following persons:

Commissioners	Tenure
Mr. Lawrence Nervais (Chairman	5 years
Dr. Frederick Isaac (Deputy Chairman).....	3 years
Mr. Vaughn Louis-Fernand.....	4years
Mr. Justin Sealy	4 years
Mr. Henix Joseph	3 years
Mr. Amarae Arthur	5 years
Mrs. Marguerite Desir.....	3 years



Organizational Structure

The Chief Executive Officer, who is an ex-officio Commissioner, is responsible for managing the day-to-day affairs of the Commission is supported by a team of the seven (7) competent and professional female employees. The Secretariat provides a range of services and advice to the Commission on all aspects of its work.





NURC Board of Commissioners



MR. LAWRENCE NERVAÏS
CHAIRMAN



DR. FREDERICK ISAAC
DEPUTY CHAIRMAN



MR. HENIX JOSEPH
COMMISSIONER



MRS. MAGUERITE DESIR
COMMISSIONER



MR. AMARAE ARTHUR
COMMISSIONER



MR. JUSTIN SEALY
COMMISSIONER



MR. VAUGHN LOUIS-FERNAND
COMMISSIONER

The NURC Secretariat



MRS. ALLISON JEAN
CHIEF EXECUTIVE OFFICER



MRS. JULIE PETER-CLAUZEL
EXECUTIVE ASSISTANT



MS. ESTELLE GEORGE
GENERAL COUNSEL/ CORPORATE SECRETARY
(Until March 11, 2020)



MR. JAYDE JEAN
LEGAL OFFICER
(From November 16, 2020)



MRS. KERNE ANTOINE-GABRIEL
ENERGY SPECIALIST
(Until June 12, 2020)



MS. YASMIN EDWIN
ADMINISTRATIVE ASSISTANT



MRS. MANENDRA GEORGE-ROBERTS
CONSUMER RELATIONS OFFICER



MS. SKEETA CARASCO
REGULATORY ECONOMIST



► Sectors Report

Review of the Water and Sewerage Sector 2019

Measured progress on planned and ongoing capital projects, a steady financial performance by the Water and Sewerage Company Inc. (WASCO) and a push to revamp sector policy and legislation characterized the year 2019 for Saint Lucia's Water Sector. The sector was also buoyed by Saint Lucia's hosting of The Caribbean Water and Sewerage Association's (CAWASA) 6th Caribbean Water Operators Conference in June.

Legislation and Policy

In 2019 the Water Resource Management Agency (WRMA) supported by the World Bank continued work on updating Saint Lucia's National Water Policy. Several stakeholders including the NURC and WASCO were engaged as part of this water policy review process. The NURC participated in meetings and shared information and insight to assist the consultants engaged to draft the policy. Progress was also registered on required amendments to the Water and Sewerage Tariff Regulations. Following the earlier submission of recommended changes to these regulations to the Ministry of Infrastructure, Ports, Energy and Labour, the Legislative Drafting Unit presented proposed amendments to these regulations. Discussion on finalizing the recommendations to be resubmitted to the Legislative Drafting Unit were ongoing between the NURC and its line Ministry at year end.

During 2019, the NURC was also engaged in finalizing licenses for trucks which carry potable water - an exercise aimed at protecting the health and interests of consumers who use these services. After consultations with key stakeholders including the existing truckers of potable water, the system implementation plan was finalized with all parties agreeing to implementation during the year 2020. By year end, the forms required for processing these licenses were made available to existing water truckers.

Saint Lucia's Disaster Vulnerability Reduction Project (DVRP) which aims to reduce the island's vulnerability to natural hazards and climate change impacts continued to provide support to the water sector in 2019. Among the DVRP projects which continued during 2019 were:

- The initiative between the WRMA and Saint Lucia Meteorological Services aimed at optimizing the hydrometeorological network;
- The rain water harvesting project which includes the development of a code of practice for rain water harvesting, training of contractors and plumbers and creating an optimal fiscal environment to facilitate access to rainwater harvesting and conducting of a training needs assessment for the WRMA and the Saint Lucia Meteorological Services.
- An initiative of the WRMA and Saint Lucia Meteorological Services for the development of an early warning system by Egeos of Italy to model rainfall, flooding and landslide by using satellite and local data.
- A Flash Flood gathering early warning system being developed by the Saint Lucia Meteorological Services and supported by the WRMA.

WASCO's Performance

WASCO in 2020 submitted an annual report for the years 2017-2018. However, an annual report for the year 2019 has not yet been submitted. Consequently, this assessment of WASCO's performance is based on aggregated data obtained from WASCO's quarterly reports submitted to the NURC.

Aggregated financial data from the quarterly reports suggest that for 2019, WASCO's overall performance as it relates to operating revenue and expenditure resulted in a surplus of EC\$6,365,183 representing a significant improvement over the previous year. WASCO, in their quarterly reports, attributed this improved performance to an increase in revenue due to increased billings. During 2019, WASCO through the support of GIZ continued a project aimed at developing

a plan for addressing non-revenue water. The draft strategy was developed and submitted to WASCO. In March 2019, the company also signed a 5-year Memorandum of Understanding (MOU) with the Central Company of Hydraulic Equipment (Cubahidralica) for the provision of technical assistance to WASCO in key operational areas. The key areas expected to benefit from this co-operation are reduction of non-revenue water; leak detection and maintenance/repair for water and wastewater lines; extraction and treatment of water from sources other than surface water sources; laboratory services for water supply; wastewater management systems and the acquisition of pipes and fittings and other materials used in water and wastewater lines. This engagement will take the form of training and capacity building, exchange of knowledge and information between the parties and equipment maintenance, repair and possibly acquisition.

Investment/Infrastructure Improvement

During 2019, WASCO continued work on major capital projects including the Dennery Water Supply Redevelopment Project and the John Compton Dam Rehabilitation Project.

Work on the John Compton Dam (JCD) Rehabilitation project continued with notable delays on the first phase of the project JCD-01 - Construction of the Sediment Disposal Area (SDA). WASCO attributed these delays to frequent and heavy rainfall during the year 2018 and 2019. Project mobilization for JCD02 -Dredging of Reservoir and Transport of Sediment was completed in the first half of 2019. However, actual dredging works did not commence as anticipated given the delays on the construction of the sediment disposal area.

Following the completion of the first phase of the Dennery Water Supply Redevelopment Project during 2018, work on phase two including increasing the treatment, storage and transmission capacity of the system, commenced in the year 2019. The infrastructure work on this project was undertaken by VINCI Construction Grand Projects and by year end the work was nearing completion.



Work on the Sediment Disposal Area in 2019

The planning phase of the Vieux Fort Water Supply Redevelopment Project continued in 2019. During December 2020, VINCI Construction Grand Projects was awarded a contract for phase one of the project valued at \$US14.115 million.

Sewerage Sector

During 2019, the usual stability of the sewerage sector was upset by challenges experienced at WASCO's Beausejour Treatment Plant. These challenges were attributed to the discharge of material not suitable for disposal into the treatment plant.

Notwithstanding these challenges, there was little change in the sector with the sewerage sector continuing to receive significantly less attention than the water sector.

Similar to water revenue, sewerage revenue also increased during 2019. Based on aggregated data compiled from the company's quarterly reports, revenue from sewerage services increased by 2.8% over revenue from the year 2018.





Review of the Electricity Sector in 2019

Legislation and Policy

In the reporting year, efforts towards the finalisation of the Draft Electricity Supply Services Bill, the replacement of amended Electricity Supply Act, persisted. The Department of Energy continues to work in tandem with the Attorney General's Chambers towards the development of the Electricity Supply Services Bill which will provide ancillary legislation to assist the Commission in fulfilling its mandate.

LUCELEC's Performance

Building on the achievements of the previous year, LUCELEC reported yet another successful year of improved performance. A documented after-tax profit of EC\$38M and earnings per share of EC\$ 1.66 with an increase of 8.6% and 8.5% respectively over the prior year was reported. LUCELEC reported an increase of 2% in electricity sales in 2019, an increase of 1.5% when compared to the generation of electricity for the prior year. Sales increased in the Industrial (4.8%), Commercial (3.0%), Domestic (2.6%) and Hotel (0.1%) sectors, while there was a decrease in the Street Light sector (5.1%).

Return on equity increased from 12.0% in 2018 to 12.7% in 2019. System losses amounted to 6.54%, failing to meet the targeted threshold of 6.4% due to a one-off adjustment relating to sales for the years 2015-2019 which was made in 2019. It is of the company's view that the absence of such adjustment would have allowed the System Losses to fall within the targeted threshold performance of 6.4%. The company also reported its highest ever energy output of 407.48 gigawatt hours (GWh) with a fuel efficiency of 4.27 kWh/litre of fuel.

LUCELEC reported notable progress on various initiatives including the completion of construction of a backbone fibre optic network on its distribution network poles. The network will enhance the company's data collection and management operations and facilitate real time interactions with the increasing

number of distributed energy resources on the grid. Additionally, the company installed three Electric Vehicle (EV) Charging Stations, encompassing Soufriere, Vieux Fort and Dennery.

Investments in Renewables

In the year under review, the NURC facilitated the interconnection of a 200kW commercial scale rooftop solar-energy photovoltaic system at the Owen King EU Hospital. This project showcased the Government of Saint Lucia's unceasing pursuance towards increased renewable energy penetration through secured funding from the World Bank for financing the supply and installation of the same.

Interests in renewable energy investments persisted throughout the year. The NURC processed a total of twenty-one applications in 2019 inclusive of seven commercial applications and fourteen domestic applications. There was a slight decrease of 9% in number of applications received in 2019 when compared to the prior year. The NURC's records reveals a 3% increase in Domestic applications and a 12% decrease in Commercial applications processed in year 2019 when compared with 2018.

Reflective of the NURC's consultative approach towards utility regulation, the NURC consulted with key stakeholders on the Interconnection Agreement for grid tied solar P.V. systems. These discussions provided the NURC with useful insights particularly from the perspective of those engaged in solar P.V. installation.

The NURC also sought to deepen its understanding of LUCELEC's operations and strengthen its capacity to regulate the energy sector by participating in tours of generation facilities including LUCELEC's Cul-de-Sac Power Station and the Solar Farm in Vieux Fort. These visits were also demonstrative of the NURC's efforts at stakeholder relationship management, an important feature of effective utility regulation.

NURC Board of Commissioners tour through LUCELEC's Solar Farm in Vieux August 22, 2019.

NURC Chief Executive Officer and Board of Commissioners tour LUCELEC's Generation Plant at Cul-de-Sac.



NURC Board of Commissioners tour through LUCELEC's Solar Farm in Vieux August 22, 2019.



NURC Chief Executive Officer and Board of Commissioners tour LUCELEC's Generation Plant at Cul-de-Sac.



Consumer Services

The Commission continued to discharge its legislative responsibility in facilitating relief where necessary, to those customers who failed to obtain redress to their complaints from the Water and Sewerage Company Incorporated (WASCO) and Saint Lucia Electricity Services Limited (LUCELEC). During the year under review, established initiatives through digital media, telephone and walk-ins continued in an effort to simplify the complaints handling process and to enable seemingly accessible services to the public. In light of the foregoing, the Commission sustained practices of registering complaints in its electronic database and performing thorough assessments throughout the grievance process.

Notably, consumers with complaints against the regulated utility companies should engage with the service provider prior to approaching the Commission. If not satisfied, the consumer may file a complaint with the Commission who will advocate on the consumers' behalf, with the particular utility. Complainants are advised to provide all relevant information or documentation in support of their complaints, including any response from the utility company when filing a complaint with the NURC.



Consumer and Public Relations

The ability to embrace and maintain open dialogue with consumers of water, sewerage and electricity is an essential component of effective communication within the regulatory scheme. The NURC continued to demonstrate strong commitment to stakeholder involvement and this year, several methods of engagement strategies were employed to ensure that consumers obtain a greater appreciation of how decisions are influenced. This created an opportunity for consumers to express their interests while boosting their confidence by incorporating their views in the regulatory decision-making process.



Stakeholder Involvement

The NURC believes that stakeholder holder engagement and education critically hinge on the ability to recognize and consider the viewpoint of its stakeholders, being accountable for stakeholders when accountability is needed and using information accumulated from these sources to design policies and resolve regulatory challenges. Our efforts to create awareness and involvement in 2019 were exemplified through our steadfast commitment towards stakeholder engagement.

Against this backdrop, in March 2019, the NURC commenced a consultative process for finalizing preparations for the introduction and implementation of special licensing arrangements for portable water trucking pursuant to its mandate under the Water and Sewerage Act Cap. 9.03 as amended by the NURC Act. The process which commenced with a workshop

and an ongoing series of meetings throughout the year, aimed to provide stakeholders with a comprehensive understanding of the Draft Water Truck Service Licence including:

- The rights and obligations of the service licensee;
- The rights and obligations of the Commission;
- General Conditions and;
- The application procedure for Water Truck Service Licences.

In addition to the foregoing and as part of its remit, on April 16, 2020 the Commission facilitated a meeting with LUCELEC and other key stakeholders of photovoltaic systems to discuss the necessity for retention of the mandatory insurance provision in the Interconnection Agreement (IA). Consequently, the meeting intended to provide an avenue where the views of all stakeholders were presented, understood and resolved following complaints from solar photovoltaic installers and an inquiry from the Government of Saint Lucia regarding the mandatory insurance provision in clause 8 of LUCELEC's IA.

Website

The need to embrace technology is a crucial and significant aspect of the NURC's communications strategy. As a regulator it is important to persistently seek novel opportunities with service providers and consumers. This calls for ongoing interaction which is not limited to feedback on well-defined topics at fixed intervals.

As the popularity and use of digital technology heightens, stakeholders, specifically consumers are now relying on interactive digital platforms such as websites to source information.

These tools offer an excellent source of information through the provision of a continuously updated repository hub. In an effort to capitalize on this technology the NURC continues to deliver an interactive, user-friendly, informative website with seamless usability, appeal and regularly updated information.

Social Media

Activities on, and contact with the NURC via social media, particularly Facebook continues to increase as this social media platform becomes a key medium through which consumers can voice their concerns and complaints about the services, they receive in the sectors regulated by NURC.

Recognizing the positive impact that social media can have in communicating with various stakeholder groups, the NURC remains to provide dedicated YouTube, Twitter and Facebook profiles to allow customers and stakeholders alike to interact with the Commission. These Social Media platforms offer a steady stream of advice to electricity and water customers regarding complaints that the NURC can help to resolve. Additional information disseminated through these channels included media releases and notices with intent to effectively reach all members of the public.

Corporate Social Responsibility

As the notion of Corporate Social Responsibility gains popularity, many organisations are gradually considering a broader range of stakeholder interests among facets of their operations. In light of this, on March 7, 2019 the NURC, a female driven organisation commemorated International Women's Day with a presentation at the Uptown Gardens Girl Centre. The presentation which was spearheaded by the keynote speaker Mrs. Allison Jean, Chief Executive Officer of the NURC, included a lineup of engaging female speakers with a proven track record for advancing gender equality both academically and professionally.

This initiative was orchestrated with the intention to motivate, inspire, build confidence, connect, empower and honor the girls at the centre and the small group of staff who selflessly commit continuous support towards their success. The event sculpted a unique and motivational experience geared towards creating opportunities for the girls to network and build relationships with like-minded women who share the desire and passion for growth.



► Human Resource/Administration

The Secretariat

The Commission was assisted in managing the day-to-day and strategic operations of the NURC by a team of Professionals and Administrative staff with extensive knowledge and experience in their respective fields. The Chief Executive Officer is an ex-officio member of the Commission.

The current organisational structure includes the following positions:

- i. Chief Executive OfficerMrs. Allison Jean
- ii. General Counsel/Corporate Secretary.....Ms. Estelle George
- iii. Regulatory Economist.....Ms. Skeeta Carasco
- iv. Water Specialist.....Vacant
- v. Energy Specialist.....Mrs. Kerne Antoine-Gabriel
- vi. Financial Analyst.....Vacant
- vii. Consumer Relations Officer.....Mrs. Manendra George-Roberts
- viii. Executive Assistant to CEOMrs. Julie Peter-Clauzel
- ix. Administrative AssistantMs. Yasmin Edwin
- x. Office Assistant.....Vacant
- xi. CleanerMs. Paulana Philippe

In addition to the full-time staff complement, the Secretariat outsources its Information Technology (IT) and Accounting services on a contractual basis.

The critical positions of Water Specialist and Financial Analyst remain vacant due to the financial constraints in meeting compensation expenses for these positions. This places grave limitations on the NURC's ability to provide technical monitoring and analysis of the Water Utility as well as conducting accurate tariff and economic analysis.

Training and Development

Institutional capacity building remained the driving force behind the Commission's strategic human resources initiatives. During the year 2019, the NURC continued to encourage and support staff development in its efforts to augment staff morale and commitment to the Commission. Regulation

is a highly human resource intensive activity, which requires professionals who are vastly trained in various disciplines. Being a relatively vernal regulator, recruitment and retention of key professionals in these requisite disciplines is essential for effective regulation.

In pursuit of the preceding, two Commissioners participated in a two-week international training programme on Utility Regulation and Strategy, facilitated by the Public Utility Research Centre (PURC) in collaboration with the World Bank. The training, which was held from January 14- 25, 2019, equipped attendees with the economic, technical, and policy skills required for implementing policies and managing sustainable regulatory systems.

Efforts to continue pursuing staff development bolstered throughout the year and two members of staff and two Commissioners were enrolled into the PURC Energy Pricing and Benchmarking Infrastructure Training Courses. The courses, which were held from July 29, 2019 to August 8, 2019 comprised of an intensive, nine-day programme on specialised energy pricing and benchmarking fundamentals specifically tailored to utility regulators, generators and distributors.



The 11th Caribbean Renewable Energy Forum (CREF 2019), the largest annual gathering of the Caribbean energy market, took place in Miami on October 16-18, 2019. The event housed a contingent of policymakers, utility representatives, developers, investors, financiers, utility regulators and international speakers from respected organisations. The conference attracted over five hundred participants from fifty countries. The NURC was well represented by its Chief Executive Officer, who was also a speaker at the conference.

In addition to the above-mentioned, two members of staff attended a five-day training workshop from October 28th to November 1st, 2019, which was hosted in Barbados by the Caribbean Development



Bank (CDB).The workshop, which was specifically tailored to strengthen the capacity of utility regulators in the area of grant funding proposal writing and development was made possible through the support of the Canadian Support to the Energy Sector (CSES-C) and the Organisation of Caribbean Utility Regulators (OOCUR).

The Chief Executive Officer attended the 17th Annual Conference of the Organisation of Caribbean Utility Regulators (OOCUR), which was hosted by the Public Utilities Commission in Anguilla from November 11th -13th, 2019 under the theme: "Smart and Green Regulation—Technologically Driven and Environmentally Friendly". The Conference delivered a platform which allowed regulators throughout the Caribbean and beyond with the opportunity to share knowledge and information.





The CEO attended the US Trade and Development Agency (USTDA) Caribbean Microgrid Infrastructure Reverse Trade Mission (RTM) from April 28 to May 4, 2019. The RTM highlighted microgrid technologies, equipment, services, and best practices in the development and implementation of resilient electricity infrastructure for delegates from across the Caribbean. A presentation on the policy and regulatory environment was made by the CEO who also met with several service providers of the energy sector at a speed networking session.

The U.S. Department of Energy (DOE), in partnership with the Organisation of American States (OAS), facilitated an Advancing Caribbean Energy Resilience (ACER) workshop from May 2, 2019 - May 3, 2019 to enhance capacity on energy resilience in the Caribbean. The workshop was hosted at the campus of the Universidad Ana G. Mendez in Puerto Rico and attended by the NURC's Energy Specialist. This forum allowed the Commission to engage in robust dialogue with international participants including policymakers and experts regionally and internationally.

The CEO represented the NURC at a CDB Validation Workshop for Guidelines and Technical Requirements for the Development of Climate Resilient Solar PV Systems which was held in Barbados, June 13-14, 2019. The workshop was designed to confirm assumptions and feasibility of the recommended design features and technical requirements, and to capture feedback from key stakeholders.

The NURC's participation in meetings, workshops and conferences, fulfills an important part of the Commission's goal to not only stay abreast of key industry and regulatory developments, but to also be an active participant in the industry's ongoing strengthening and growth, both at the regional and global levels. Recognizing this, members of staff also participated in a few workshops and seminars locally including;

- Ministry of Infrastructure, Ports, Energy and Labour - Caribbean Forum on Energy, Transport and Resilience.
- Caribbean Water and Sewerage Agency (CAWASA) - Sixth Annual Water Operators Conference.

- Ministry of Tourism, Information and Broadcasting-Improving Resource Efficiency within the St. Lucia Accommodation Sector Value Chain.

Staff Movements

During the year under review, a Chief Executive Officer was appointed by the Board of Commissioners. This position was filled by Mrs. Allison Jean who brings a breadth of knowledge and experience in the water and electricity sectors, having served as Permanent Secretary in the Department of Infrastructure, Ports & Energy and the Executive Director of the Caribbean Electric Utility Services Corporation (CARILEC). During the latter part of the year the Deputy Chairman of the Board demitted office.

Looking Forward

Utility services are essential to the social and economic growth of our country. We are currently faced with immense opportunities for development of the water, sewerage and electricity sectors and far-reaching integration with other economic activities in order to push the country forward. However, the policy, legal and regulatory framework necessary for each of the utility sectors to progress needs to be current and readily available. If deficiencies aren't critically addressed, the NURC will be unable to facilitate achievement of the vision and regulatory mandate.

As we ruminate on our achievements with contentment, we steadfastly prepare for the impending challenges ahead. It is our expectation that the forceful gusts of change and the unknown will persist to test our courage nonetheless, we must be equipped. The NURC has institutional capacity and knowledge, talented versatile professionals, a resilient intellectual tradition, a systematic and strategic culture, visionary and autonomous leadership. We are confident that we can and will continue to deliver our mandate.

Meanwhile, the Commission will pursue the strengthening of its internal capacity and developing schemes that guarantee decision-making of optimum quality and transparency.

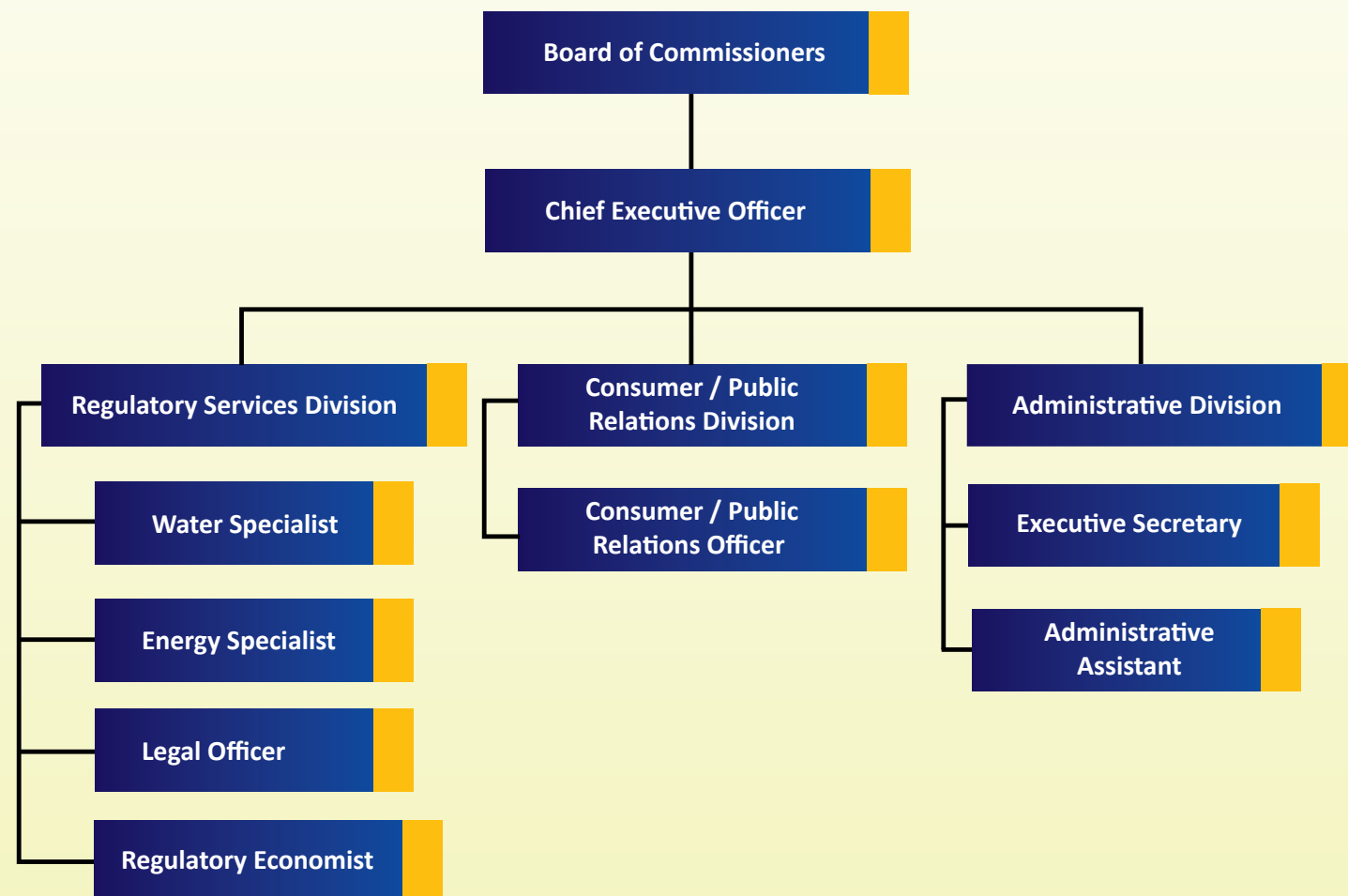
2020 Annual Report





Organizational Structure

In the year under review the Commission consisted of six appointed staff members and the Chief Executive Officer, who is an ex-officio member. Commissioners and staff are highly competent in the areas of administration, engineering, law, economics, customer service, communications, and human resources, with a blend of academic private and public sector experience in areas relevant to utility regulation. During the latter part of the year, the Board of Commissioners revised reviewed the organizational structure of the NURC and the organizational chart was revised.



COVID-19 Response

The NURC endured another remarkable year of accomplishments, impediments and progress in 2020. Notably, the year commenced with the outbreak of the novel Coronavirus (COVID-19) global pandemic; the aftermath of which is still unfolding. The NURC stood steadfast amid the unprecedented challenges presented by this looming crisis. During the year, the NURC kept commitments to its core advisory, adjudicatory and regulatory mandate while remaining cognizant of its responsibility to staff, stakeholders and the general public. Amidst the pandemic, the Commission took swift actions to encourage continuity and resiliency; and during the second quarter of the year staff began working remotely, meetings and workshops were hosted virtually and Photovoltaic applications were processed electronically. By the latter part of the year, the Secretariat opened its offices responsibly by adhering to the protocols established by the Ministry of Health and Wellness and dedicating efforts to minimizing the health risk of staff and valued stakeholders. Some of the measures implemented were the increased sanitization facilities, reduction in the number of visits by external stakeholders to the office, increased cleaning of office spaces throughout the day and the adoption of internal social distancing practice.

The Commission is grateful for the opportunity to continue serving consumers of water, sewerage and electricity services and is aware that changes continue to impact the utility industry in profound ways. Recognising this, in the delivery of its legislative mandate the NURC must continue to thoughtfully navigate through these changes and challenges transparently with integrity. In addition to requiring resilience and celerity in identifying and responding to risks, demonstrating an appropriate risk culture remains essential. Beyond the processes established, maintaining expected values and behaviours at all levels supports the appropriate environment in which we continue to make pragmatic and sensible decisions.

By any measure, 2020 was an unprecedented year which presented significant uncertainties and a series of rapidly changing challenges. Through it all, the Commission embraced agility in its efforts to ensure that essential operations continued and that risks were understood and managed within a functioning environment.



Review of the Water Sector 2020

The year 2020 was an extraordinary year for utilities around the world. Unimaginable decreases in demand for services, disconnection moratoriums and a noteworthy slowdown in the fast-growing renewable energy segment characterized a utilities sector significantly impacted by COVID-19 pandemic, with lockdowns and associated measures implemented to mitigate the virus spread among global citizens without immunity to the virus.

In light of these unprecedented circumstances in which the sectors operated for the year 2020, this year's review of the Water, Sewerage and Energy Sectors will focus mainly on the impact of the COVID-19 pandemic. It will also present on other sector initiatives and a limited review of utility performance during that extraordinary year.

COVID-19 Impact on the Water and Sewerage Sector

Similar to the Energy Sector, the Water Sector was affected by the COVID-19 pandemic. Water demand decreased significantly from March 2020. There was also a decrease in the demand for new connections evident by a 25% demand decrease for the period January to August 2020 compared to the same period for the prior year.

Collection rates also decreased significantly relative to collection rates in 2019. This was particularly significant in the month of April 2020 when collections amounted to only approximately 50% of billings.

Revenue decreased significantly during the year 2020. For the period January to August 2020, revenue was approximately \$8M dollars short of 2019 revenue for the same period.

Legislation and Policy

Despite the challenges 2020 presented on the execution of projects which commenced using face

to face interaction, work on the Water Sector Policy continued and a draft document was presented to stakeholders for review.

In preparation for WASCO's triennial tariff review, the updated Water and Sewerage (Tariff) (Amendment) Regulations were published in the Gazette in October 2020.

The Triennial Tariff Application which is due for the period 2018-2021 was submitted to the NURC for review but was rejected due to insufficient information and documentation in accordance with the NURC's Minimum Filing Requirements.

Work on projects aimed at reducing the island's vulnerability to natural hazards and climate change impacts being supported by Saint Lucia's Disaster Vulnerability Reduction Project (DVRP) continued during 2020.

For the initiative between the Water Resource Management Agency (WRMA) and Saint Lucia Meteorological Services aimed at optimizing the hydrometeorological network, project planning continued with preparation and finalization of the bid documents. Other initiatives supported by DVRP advanced further into the implementation phase. Equipment was received and personnel from the WRMA and Saint Lucia Meteorological Services were trained under their joint initiative for the development of an early warning system to model rainfall, flooding and landslides. This project's progress was however slowed by the travel restrictions imposed as a result of the COVID-19 pandemic. The Flash Flood gathering early warning system being developed by the Saint Lucia Meteorological Services also progressed in implementation with a demonstration of the system and hands on exercises for engaged personnel.

During 2020, the WRMA also commenced the development of specifications for an integrated solution for hydrometeorological data and information

dissemination. This project aims to build a robust data platform for the WRMA and the Saint Lucia Meteorological Services for data injection and sharing with all stakeholders.

WASCO's Performance

In 2020, WASCO presented an annual report for 2017/2018. Due to the unavailability of WASCO's annual report for 2019 and the non-submission of quarterly reports for that year, this assessment of WASCO's performance is limited to information gleaned from WASCO's response to the NURC on the Impact of the COVID-19 pandemic on the utilities sector and WASCO's annual report for the period 2017-2018.

The year 2020 was a challenging year for WASCO; from an extended dry spell which progressed to a drought necessitating the declaration of a three-month long Water Related Emergency even amidst an unprecedented COVID-19 pandemic to delays in ongoing capital projects. These events served as major testing for WASCO's resilience.

Moreover, WASCO's financial performance was affected by the COVID-19 pandemic as demonstrated by revenue declines and below optimal collection rates. Notwithstanding the impact of the pandemic on the water sector, WASCO continued work on major capital projects. The highly anticipated phase two of the John Compton Dam Rehabilitation Project entailing dredging and transport of sediment commenced in the final quarter of 2020 following significant delays in phase one- construction of the sediment disposal area. WASCO attributed the delays in construction of the sediment disposal area to abnormal wet conditions. These delays persisted even after WASCO's purchase of a soil dryer which although presented as the optimal solution to expedite that phase of the project did not yield the desired outcome.

The project also entailed a watershed management plan for the re-forestation and slope stabilization in vulnerable areas within the reservoir which was completed in May 2020. The costs for the John Compton Dam Rehabilitation Project as presented by WASCO are: phase one -approximately EC\$20 million dollars financed from the Dredging Fee and phase two \$US 10.2 (EC\$27.54) million dollars financed by a Caribbean Development Bank (CDB) loan.

The second phase of the Dennery North Water Supply Project was completed in February 2020. This

phase involved the extension of the treatment plant to treat an additional one million gallons of water to the entire Dennery North area with added storage tanks and pumping stations connected with several kilometers of pipelines. The Company also continued work on the Vieux Fort Water Redevelopment Project which is intended to include:

- Construction of two new treatment plants in Beausejour and Grace, Vieux Fort;
- Installation of an additional five (5) storage tanks;
- Installation at least 15 kilometers of new HDPE transmission mains;
- Construction of three pumping stations and two river intake structures.

WASCO has indicated that on completion of the two plants, the Company will be able to treat and distribute almost 4.3 million gallons of water on a daily basis which will be a major improvement from the current capacity. Upon completion, this project will bring a significant improvement in the water distribution to consumers in Vieux Fort.

The Company also embarked on the construction of the company's headquarters building in Vieux Fort in February 2020. The building, which comprises a two storey glass/concrete 10,000 square feet office building project, commenced on approximately one acre of land. The building is expected to provide a better working environment for staff and customers and will assist in providing improved quality of service, delivery and efficiency. The cost of the building is EC\$7.3 million and is being financed in part by a loan from the Bank of Saint Lucia.

Other projects which the company embarked on during 2020 included:

- Purchase of lands at Hill 20, La Croix and Vieux Sucrerieux and installation of water tanks
- Extension and upgrade to networks in Garrard, Babonneau and Odum City
- Complete rehabilitation of the pipe network/ infrastructure in Cas-En-Bas, Saltibus and Soufriere
- Rehabilitation of the Water Treatment Facility at Hill 20 and Theobalds Treatment



Review of the Electricity Sector 2020

COVID-19 Impact on the Energy Sector

The COVID-19 pandemic left its imprints on Saint Lucia's energy sector during 2020 affecting demand, revenue, collections and capital projects.

The year started as any other year with demand holding steady as is customary at the peak of Saint Lucia's tourism season. However, by the end of March, demand dropped from the mid-March level of 58 MW to 40 MW. These falls in demands were consistent with the border closure and national lockdowns implemented during that period. With the easing of the more stringent measures implemented, demand recovered gradually to 44.8MW at the end of April, 48.8 MW at the end of May and 50.8 MW at the end of June.

The initial lockdown also affected the utility's delivery of its full range of services. One service which was affected was the provision of new service connections. New connections were halted in April and May since this service was not considered as critical. While this affected the demand for new connections during these months, all outstanding new connections were completed in June.

LUCELEC's financial well-being was also affected by a slowdown in revenue collection as reflected in collection rates, which worsened from 38 days in March to 49 days in May. Although this improved to 47 days by June, collections were affected for remainder of 2020. The company was however bolstered by the Electricity Assistance Program (EAP) implemented to assist with bill payments for up to 6,000 poor and vulnerable households adversely affected by the pandemic. The EAP, which was funded from a loan of EC\$4.5 million from the Republic of China (Taiwan), provided monthly bill payments in the sum of EC\$75 to be applied to the LUCELEC accounts of the selected households over a period of 6 months.



Similar to the ill-fate of renewable energy projects around the world, the COVID-19 pandemic also significantly affected LUCELEC's renewable energy projects. The capital projects budget was reduced by almost 50% and some renewable energy projects were deferred to 2021.

Legislation and Policy

During 2020, the year of the start of the COVID-19 pandemic, there were few changes in the legislation and policy landscape for Saint Lucia's energy sector. Work on finalizing the Energy Sector legislation continued led by the Ministry of Infrastructure, Ports, Energy and Labour. The National Utilities Regulatory Commission through the assistance of the United States Agency for International Development (USAID) embarked on a project which finalized Saint Lucia's Grid Code which will be implemented when the new energy sector legislation is enacted.

In preparation for the passage of the new energy sector legislation, the NURC also commenced a Study for Establishing Rates for Renewable Energy for Saint Lucia. This study was financed by the Caribbean Community's (CARICOM's) Technical Assistance Programme for Sustainable Energy in the Caribbean (TAPSEC). TAPSEC is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (Giz) GmbH, with the Caribbean Community (CARICOM) Secretariat and the Ministry of Energy and Mines (MEM) of the Dominican Republic as main implementing partners. Before the end of the year, the consultants held meetings with LUCELEC and the Department of Energy with a view to ascertaining the issues in the sector. Further consultation with stakeholders is expected during 2021 prior to finalization of the study.

LUCELEC's Performance

Due to the non-availability of LUCELEC's annual report at the time of the preparation of this assessment of the state of the energy sector, this analysis of LUCELEC's performance is based on LUCELEC's submission of the Final Rate of Return.

In spite of the COVID-19 pandemic, LUCELEC attained an operating income of EC\$33,872,873 despite a decrease in energy sales of approximately 17%. Furthermore, the company returned a rate of return of 13.297%, an increase of approximately 0.5% over the rate of return attained in 2019. This stood in stark contrast to LUCELEC's September 2020 correspondence to the NURC which noted the company's anticipation that for the year 2020 it would attain a rate of return below the minimum allowable rate of 10% on contributed capital. In anticipation of this sub-optimal rate of return, the company had proposed a concept of postponing the anticipated tariff increase in 2021 and accumulating this deferred increase in a "Tariff Regulatory Balance" with an applicable interest rate of 10%.

Notwithstanding LUCELEC's healthy operating income and attainment of a rate of return within the allowable range, there was an increase in administrative expenses which was not commensurate to the general decrease in other expenses driven by decreased energy production and sales. LUCELEC attributed this increase in administrative expenses to an increase in bad debts expenses caused by reduced collections.





Corporate Communications

The Consumer and Public Relations Department serves as a clearinghouse for all utility consumer inquiries. One of the core functions of this department is to investigate complaints by consumers after failing to obtain redress from regulated service providers rates, billing processes and unsatisfactory service. Against this backdrop, the Commission continued to be unwavering in stamping out sharp practice and ensuring fair treatment to consumers of water and electricity services. In the reporting year, the department continued to provide a high-quality complaint resolution service for customers along with the provision of information to the public. The department embraced efforts to develop long-term goals that contribute to overall increased awareness of the Commission, its mission and its accomplishments through the facilitation of coordinated, timely and effective communication with key stakeholders. Stakeholder Engagement

The Commission unceasingly pursued efforts to formulate effective and efficient methods of reaching the public with assistance and information. These methods included expanded use of virtual platforms, updating the Commission's website, outreach on social media accounts and preserved relationships with the media, stakeholders and Government officials. The thrust in 2020 remained one of enhancing the corporate image of the NURC and empowering stakeholders through information dissemination while creating mutually beneficial situations for both consumers and service providers. The objectives included improving consumer education, developing better public awareness of the Commission and encouraging greater stakeholder involvement. As a regulator, the NURC understands the value of stakeholder engagement in decision making and regulatory developments. As a corollary, throughout the year under review stakeholder



engagement remained central to the Commission's communications approach and as part of an overall initiative to improve transparency the Commission embraced stakeholder involvement and participation through ongoing consultancies for Institutional Strengthening and Capacity Building, development of a National Grid Code and Establishing Rates for Renewable Energy for Saint Lucia.

Digital Media

Recognizing the positive impact that social media can have in communicating with various stakeholder groups, the NURC maintained social media presence throughout the year with dedicated profiles on social networking websites Twitter, YouTube and Facebook. This provided an avenue for customers and stakeholders alike to interact with and remain closely informed about regulatory events and activities. Consequently, these social media platforms offer a steady stream of advice to electricity and water customers regarding complaints that the NURC can help to resolve. Additional information disseminated through these media included tips on the conservation of water in the home and office notices and press releases. The NURC website continues to serve as an interactive, user-friendly repository for attainment of vital resources.



Human Resource/ Administration

The Secretariat

The Commission was assisted in managing the day-to-day and strategic operations of the NURC by a team of Professionals and Administrative staff with extensive knowledge and experience in their respective fields. The Chief Executive Officer is an ex-officio member of the Commission.

The current organizational structure includes the following positions:

- i. Chief Executive Officer Mrs. Allison Jean
- ii. General Counsel/Corporate Secretary..... Ms. Estelle George (until March 11, 2020)
- iii. Regulatory Economist..... Ms. Skeeta Carasco
- iv. Legal Officer Mr. Jayde Jean (from November 16, 2020)
- v. Water Specialist..... Vacant
- vi. Energy Specialist..... Mrs. Kerne Antoine-Gabriel (until June 12, 2020)
- vii. Financial Analyst Vacant
- viii. Consumer Relations Officer Mrs. Manendra George-Roberts
- ix. Executive Assistant to CEO Mrs. Julie Peter-Clauzel
- x. Administrative Assistant Ms. Yasmin Edwin
- xi. Office Assistant..... Vacant
- xii. Cleaner Ms. Paulana Philippe

In addition to the full-time staff complement, the Secretariat outsources its Information Technology (IT) on a contractual basis.

Training and Development

While the Commission undertakes workforce planning to ensure its Secretariat has the capacity and capabilities needed to achieve its objectives, the Commission also recognises the importance of flexibility. Given its small size, the Commission needs flexibility to be able to respond in a timely way to requests for advice from its Parent Ministry, unanticipated issues raised by stakeholders, other regulatory work and developments in the national energy framework. As required, the Commission

may supplement its permanent staff with short-term engagements.

The NURC's workforce is its primary asset, and the Commission is devoted to enhancing a system that fosters recruitment, development and retention of a talented, skilled, diverse and adaptable workforce. In recognition of this, the NURC supported staff in 2020 by building capacity and skills through a range of training and development opportunities to





enable performance for the purposes of achieving the Commission's legislative obligations. Throughout the year, members of staff were able to engage in a variety of international webinars and local training and workshop opportunities hosted by agencies including the Department of Sustainable Development, Department of Infrastructure, Energy and Ports, and Saint Lucia Bureau of Standards. Two Commissioners and the Chief Executive Officer participated in the University of Florida Public Utilities Research Center (PURC) 47th International Training Programme on Utility Regulation and Strategy, and Leadership Workshop: Practicing Leadership in a Political Environment in Gainesville, Florida. This opportunity was made possible by the United States Department of State (USDOS).

The Commission continues to explore relevant programmes which contribute to the professional and technical development of staff, as well as opportunities for the presentation of academic papers at the local, regional and international levels.

Capacity Building Workshop

The NURC hosted a Capacity Building Workshop for the Commission and other stakeholders on March 3-5, 2020. The workshop was sponsored by the USDOS and facilitated by the National Renewable Energy Laboratory (NREL) in collaboration with the Public Utility Research Centre (PURC), two distinguished agencies internationally recognised for conducting specialized training in utility regulation. The agenda for this workshop comprised relevant topics intended to assist participants in exploring the technical, legal and economic avenues of utility regulation and prepare them to embrace the new energy environment. The Commission believes that involvement and participation empower stakeholders to work amicably together within the regulatory space with the full knowledge of the requirements and expectations of one another. Participants for this training included Commissioners and staff of the NURC, representatives from regulated utility companies, government officials and departments. Organisation of Caribbean Utility Regulators Annual Conference

The Public Utilities Commission (PUC) Guyana hosted the Organisation of Caribbean Utility Regulators (OOCUR) 2020 Virtual Symposium on December 1 and 3, 2020 under the theme Forging the path in a post COVID-19 Era. The two-day Symposium brought together Industry leaders; Government officials; Chief Executive Officers of Utility Companies; International and Regional Academia. The two-day conference awarded participants with a series of high-level presentations and interactive sessions on issues relating to the regulated sectors of Water, Wastewater and Sewerage, Telecommunications/ICTs, Electricity and Energy. The NURC was represented by its full complement of staff. The sessions were inclusive of an unparalleled series of presentations pertinent to local and international challenges encountered by utility providers and regulators while traversing through the COVID-19 era. Presenters were generally knowledgeable and shared information and exercises which stimulated intense dialogue amongst participants and suitable for the NURC's local framework.

Caribbean Renewable Energy Forum

The annual Caribbean Renewable Energy Forum (CREF) was hosted virtually this year from October 28-30, 2020. The event was hosted through three-days of deep-dive discussions, question and answer segments with market leaders, town hall sessions, a virtual expo hall and opportunities for networking with the region's top influential leaders. The sessions were attended by the members of the Secretariat and the NURC was well represented by its Chief Executive Officer Mrs. Allison Jean who was a panelist on one of the live panel discussions where she shared diverse perspectives on challenges generated from renewable energy investments and debated on critical issues facing the future of the Caribbean energy sector. The conference provided a great platform for networking with other regulators, operators, utility directors and specialists who can provide support to the NURC in its efforts to augment its skills and knowledge in dealing with possible challenges and opportunities which may arise in the renewable energy sector.

Staff Movements

The Commission's staff complement saw a few changes in 2020. Two persons left the employ of the NURC, leaving both the Legal Officer and the Energy Specialist positions vacant. During the latter half of the year interviews were conducted for the vacant position of Legal Officer and a successful candidate was offered the position.

Activities of the Commission

The NURC must remain pre-emptive in acquiring pertinent training and regulatory expertise to respond to market changes and in the reporting year continued to pursue deliberate efforts for organizational strengthening, policy development and regulatory advancement. Accordingly, the NURC laid the foundation for this priority through secured assistance from multilateral and inter-governmental agencies. The Commission hinges on the notion that well-informed policy and regulatory decision making is crucial for defining future pathways to address emerging requirements of the sector and that the institutional capacity of the utility regulator needs to be strengthened to ensure an effective policy and regulatory response.

Consultancy for Institutional Capacity Building

The NURC received grant funding from the Caribbean Development Bank (CDB) through the Government of Saint Lucia (GOSL) for the provision of consultancy services for institutional capacity building. The consultancy was implemented by Odyssey Consult Inc., over a twenty-two-week period with the aim to develop a Strategic Plan and Operational Procedures to strengthen institutional capacity of NURC to deliver its mandate. Consultants collaborated with NURC's Board of Commissioners, Secretariat and key stakeholders throughout the consultancy period to create a practical framework to guide the NURC's operations as a utility regulator with a keen focus on the development of a strategic plan, review of the organization's structure, establishment of a grievance redress mechanism and training of commissioners

and staff in utility regulation, tariff/rate setting and gender profiling.

Grid Code Development Consultancy:
The NURC secured technical assistance from the U.S. Agency for International Development (USAID) to adapt the national electricity Grid Code to align with the Saint Lucia National Energy Transition Strategy and for creating the enabling legislative and regulatory frameworks needed to support Renewable Energy in Saint Lucia.

The project which was coordinated by Consultants from Deloitte Consulting LLP joined forces with commissioners and staff of the NURC alongside representatives of key stakeholder groups through a Technical Work Group. The Consultancy endured a span of six months attributed to detailed workplans for engagement inclusive of:

- Development of a consensus-led draft Grid Code through the convening of a Technical Working Group and obtaining input from relevant stakeholders;
- Review of draft Grid Codes prepared by the World Bank's Energy Sector Management Assistance Program (ESMAP) and USAID's Caribbean Clean Energy Program (CARCEP) to identify well-suited models for Saint Lucia;
- Support the establishment of a process for grid code rule development and adoption as well as aligning the duties of the authority responsible for rule adoption and NURC.
- Develop consensus recommendations on an efficient and effective process to develop, review, and approve a consensus-led draft Grid Code suitable to Saint Lucia Grid operations, including leveraging international leading practices from the CARCEP-supported and ESMAP grid code models;
- Establish a long-term Grid Code Technical Committee with representatives from LUCELEC and other grid users to make recommendations on future Grid Code revisions;
- Develop associated regulatory review processes for NURC that includes public and private sector stakeholder engagement.



Study for Establishing Renewable Energy Rates for Saint Lucia

The NURC as an economic regulator of electricity supply services has taken a strategic approach driven towards preparation of the enactment of the impending new energy legislation. In this regard, the Commission has initiated a project to perform a Study for Establishing Renewable Energy Rates for Saint Lucia. This study was funded by CARICOM's Technical Assistance Programme for Sustainable Energy in the Caribbean (TAPSEC). TAPSEC is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, with the Caribbean Community (CARICOM) Secretariat and the Ministry of Energy and Mines (MEM) of the Dominican Republic as main implementing partners.

The project was executed by GOPA International Energy Consultants GmbH who engaged key stakeholders in delivering the following:

- Review existing and proposed legislation, regulations and government policy related to renewable energy generation.
- Assess the potential for distributed generation in Saint Lucia based on technical requirements, economic considerations and government policy.
- Evaluate pricing methodologies by using various methods including undertaking bill impact assessments and select optimal approach which adequately compensates the participating customer, utility and non-participating customers.
- Develop model for determining distributed generation rates and present recommended distributed generation rates for customers with solar photo voltaic systems, wind systems and hybrid systems.
- Based on technical and economic factors, determine the size of distributed generation installations which should be allowed for customers of various customer classes or energy.

Staff Christmas Lunch

The NURC hosted its Annual Christmas Luncheon

on December 4, 2020 at its office in Sans Souci, Castries. The function was held to celebrate the end of another successful year working together at the NURC. Members of staff enjoyed expertly crafted cuisine by talented local caterers while they were fully entertained by Christmas carols and inexhaustible conversation.

Looking Forward

There is no doubt that the path taken by the NURC over the past years has been a journey of unpredictable challenges and intense accomplishments. As the Commission approaches another year of existence, the need for continuous public engagement and education remains at the forefront of its agenda. The NURC is cognizant of the fact that many consumers of electricity, water and sewerage services remain unaware of its legislative obligations and how they can benefit from the services provided by the Commission.

Evolving trends in energy can challenge the Commission to adapt regulatory tools required to react promptly to emerging shifts in the sector. It is essential therefore, that the Commission remain abreast with these advancements and employ the necessary expertise to proactively address them. Meanwhile, the Commission will continue to build its internal capacity along with systems that ensure decision-making of the highest quality and with the greatest amount of transparency. The NURC remains resolute in its efforts to contribute to the development of a modern, efficient and affordable utility sector, ensuring the widest possible active stakeholder participation in the fulfilment of its statutory duties. The Commission will continue to commit to operating as an efficient team, fostering respect and trust from both its internal and external stakeholders.

While the challenges which lie ahead are many, we are confident that we are equal to the task. As we traverse ahead there are many lessons to be learnt from the past that can be used as steppingstones. The future will continue to demand innovation, creativity and critical thinking. However, the Commission will make the necessary sacrifice to be fully equipped for all that and more, positively looking into the future with confidence.



Audited Financial Statements 2019





NATIONAL UTILITIES REGULATORY COMMISSION

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31st December, 2019

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NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Financial Position

As at 31st December, 2019
With comparative figures as at 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>			
Cash and cash equivalents	5	\$ <u>548,238</u>	<u>372,613</u>
Total current assets		<u>548,238</u>	<u>372,613</u>
<u>Non-Current Asset</u>			
Property, plant and equipment	8	<u>94,999</u>	<u>113,232</u>
Total non-current asset		<u>94,999</u>	<u>113,232</u>
Total assets		<u>643,237</u>	<u>485,845</u>
<u>Current Liabilities</u>			
Accounts payable and accruals	6	<u>304,050</u>	<u>198,553</u>
Total current liabilities		<u>304,050</u>	<u>198,553</u>
Total liabilities		<u>304,050</u>	<u>198,553</u>
<u>Fund Balance</u>			
Fund balance		<u>339,187</u>	<u>287,292</u>
Total fund balance		<u>339,187</u>	<u>287,292</u>
Total liabilities and fund balance		<u>\$ 643,237</u>	<u>485,845</u>

Approved by the Commissioners on 13th August, 2020 and signed on their behalf by;

Chairman: Lawrence Nervais

Commissioner: Henix Joseph

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Changes in Fund Balance

*For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)*

Balance - end of year - 2017	\$ 206,678
Excess revenue over expenditure	<u>80,614</u>
Balance - end of year - 2018	287,292
Excess revenue over expenditure	<u>51,895</u>
Balance - end of year - 2019	<u>\$ 339,187</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Comprehensive Income

*For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)*

	<u>2019</u>	<u>2018</u>
Revenue		
License fees	\$ 700,000	700,000
Government subvention	658,249	237,373
Contribution	30,000	446,719
Other income	1,050	6,153
Total revenue	<u>1,389,299</u>	<u>1,390,245</u>
Less: Expenditure		
Bank charges and interest	4,039	4,184
Board meeting expenses	10,991	4,942
Commissioners' fees	136,500	135,250
Depreciation	49,783	33,600
Office and general expenses	28,308	37,085
Payroll expenses	855,479	794,064
Audit and accounting fees	14,400	15,640
Legal and professional fees	-	13,500
Donations	-	924
Insurance expense	3,214	-
Communication	37,304	39,002
Conference, convention and meetings	26,050	51,543
Repairs and maintenance	19,851	22,447
Loss on disposal	1,423	-
Rent	129,730	135,554
Electricity	20,332	21,896
Total expenses	<u>1,337,404</u>	<u>1,309,631</u>
Net excess of revenue over expenditure	<u>\$ 51,895</u>	<u>80,614</u>

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Cash Flows

For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	2019	2018
Cash Flows from Operating Activities		
Excess revenue over expenditure	\$ 51,895	80,614
Adjustments for:		
Loss on disposal	1,423	-
Depreciation	49,783	33,600
Operating income before working capital changes;	103,101	114,214
Accounts receivable	-	175,796
Accounts payable and accruals	105,497	(102,215)
Net cash generated from operations	208,598	187,795
Cash Flows from Investing Activities		
Purchase of fixed asset	(32,973)	-
Net cash used in investing activities	(32,973)	-
Increase in cash and cash equivalents	175,625	187,795
Cash and cash equivalents - beginnings of year	372,613	184,818
Cash and cash equivalents - end of year	\$ 548,238	372,613

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

1. Background and Principal Activity

The National Utilities Regulatory Commission (NURC) was established under Section 5(1) of the National Utilities Regulatory Commission Act No 3 of 2016. The Commission commenced operations on February 9th, 2016. In accordance with clause 2 schedule 5 of the Act, all rights, liabilities and obligations of the National Water and Sewerage Commission were transferred to the National Utilities Regulatory Commission, on 8th February, 2016. The main objective of the Commission is the regulation of the delivery of electricity, water and sewerage services throughout Saint Lucia.

The main functions of the Commission are:

- ensuring the economic regulation of utility supply services,
- establishing, approving, monitoring and reviewing tariff schemes and tariffs,
- monitoring and ensuring compliance with standards,
- promoting the economic regulation of utility supply services,
- ensuring the protection of the interest of consumers in relation to the provisions of the utility supply service,
- promoting competition and monitoring anti-competitive practices in the utility supply service, and
- reporting to and advising the Minister with responsibility for Public Utilities on the economic, financial, legal, technical, environmental and social aspects of the utility supply services sector.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

The financial statements of The National Utilities Regulatory Commission have been prepared in accordance with International Financial Reporting Standards (IFRS) as they apply to the financial statements of the Commission for the year ended 31st December, 2019, interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements are presented in Eastern Caribbean Dollars and rounded to the nearest dollar. They have been prepared on the historical cost basis and on the going concern basis.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 3.

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

b. *Financial Instruments*

Financial Assets

The Commission classifies its financial assets into the following categories: cash and cash equivalents and prepaid expenses. The classification depends on the purpose for which the assets are held. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are offset and the net amount is reported when the Commission has the legally enforceable right to set off the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Liabilities

The Commission classifies its financial liabilities as accounts payables and accruals. Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date for financial liabilities.

c. *Property, Plant and Equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes labour and overhead costs arising directly from the construction or acquisition of an item. Property, plant and equipment represent the Commission's administration office assets.

Depreciation is provided to write-off the cost of property, plant and equipment, on a straight-line basis to allocate their cost over the estimated useful lives of the assets as follows:

Computer Software - 33.3% Office Equipment - 15% Computer Hardware - 25% Office Furniture - 15%

Leasehold Improvements - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

d. *Foreign Currency Translation*

Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean Dollars, which is the Commission's functional and presentation currency.

Transactions balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

e. *Leases*

All Commission leases are operating leases. Payments made under operating leases, net of lease incentives or discounts received, are charged through profit or loss on a straight-line basis over the period of the lease.

f. *Provisions*

Provisions are liabilities of uncertain timing or amount. They are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

g. *Income and Expense*

Income is recognised on the accruals basis as has been used for recording of income and expenses. Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the accrual method

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

h. **Accounts Receivable**

Trade accounts receivable and amounts due from related parties and other receivables represent the principal amounts due at the statement of financial position date plus accrued interest and less, where applicable any impairment.

i. **Accounts Payable and Accruals**

Trade accounts and amounts owing to related parties and other payables and accrued liabilities represent the principal amounts outstanding at the statement of financial position date plus, where applicable, any interest.

j. **Taxation**

The Commission is exempted from the payment of income taxes in accordance with the Income Tax Act Chapter 15.02 of the Revised Laws of Saint Lucia.

k. **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash on hand and non-restricted balances at the commercial banks.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Critical Accounting Estimates and Judgements

No major estimates and assumptions have been made relating to the reporting of results of the operations of the Commission.

4. Financial Risk Management

In accordance with provisions of International Accounting Standards No. 32, disclosure is required regarding credit risk, interest rate, fair value and liquidity risk of financial assets and liabilities. This note details our financial risk management objectives and policies. We discuss the exposure and sensitivity of the Commission to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks. The policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments.

Treasury Policy

The Commission activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Commission seeks to minimise potential adverse effects on the Commission's financial performance.

Exchange Rate Risk

The Commission is not exposed to foreign currency risk on the majority of its transactions and settlement of trade and other receivables and payables which are not denominated in US dollars. The Commission does not use foreign exchange contracts and other derivatives and financial instruments.

Credit Risk

Credit Risk arises from the possibility that counterparties may default on their obligations to the Commission. The amount of the Commission's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. Cash deposits and similar financial instruments give rise to credit risk, which represents the loss that would be recognised if counterparty failed to perform as contracted. The carrying amount of the financial assets of the Commission represents the maximum credit exposure of the Commission.

Maximum exposure to credit risk at the reporting date was:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	<u>548,238</u>	<u>372,613</u>
	\$ <u>548,238</u>	<u>372,613</u>

The accompanying notes form an integral part of these financial statements.

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NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management ... (Cont'd)

Interest Rate Risk

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Commission to interest rate risk. The Commission is not significantly exposed to interest rate risk on its surplus cash as it is non - interest bearing accounts.

Liquidity Risk

The Commission manages operational liquidity in-order to meet its financial obligations of servicing and repaying its expenses and strategic initiatives.

	Carrying amount \$000	Contractual cash flows \$000	0-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
Accounts payables and accruals	304,050	304,050	246,149	57,901	-	-
At 31 st December, 2019	<u>304,050</u>	<u>304,050</u>	<u>246,149</u>	<u>57,901</u>	<u>-</u>	<u>-</u>

At 31st December, 2019 the Commission had cash and cash equivalents of \$548,239. These amounts are highly liquid and are a significant component of the Commission's overall liquidity and capital resources. Liquidity forecasts are produced on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements.

Fair Value of Financial Instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Commission's financial assets and liabilities are traded in a formal market. Estimated fair values are assumed to approximate their carrying values.

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

5. Cash and Cash Equivalents

	2019	2018
Bank of St. Lucia Limited – current account	\$ 456,590	311,372
Bank of St. Lucia Limited - regular CD	68,936	25,499
Bank of St. Lucia Limited – call account	22,212	35,242
Cash on hand	500	500
	<u>548,238</u>	<u>372,613</u>

No interest is paid on any of the Commission's bank accounts.

6. Accounts Payable and Accruals

There is no material difference between the carrying value and fair value of trade and other payables presented. For liquidity risk exposure analysis purposes, the carrying amount of trade and other payables is the same as the contractual cash flows, with the contractual maturities of these financial liabilities all due in less than one year.

Salaries and wages	236,790	133,778
Professional fees	8,000	9,000
Other	59,260	55,775
	<u>\$ 304,050</u>	<u>198,553</u>

7. Payroll Expenses

Salaries and wages	694,501	623,956
Gratuity	141,144	151,572
NIC	19,821	18,536
	<u>\$ 855,466</u>	<u>794,064</u>

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

8. Property, Plant and Equipment:

A category breakdown of fixed assets is as follows:

	Office Furniture	Office Equipment	Computer Hardware	Computer Software	Leasehold Improvements	Total
Cost						
Cost - 31/12/18	\$ 57,324	78,751	29,137	7,791	147,335	320,338
Additions	11,850	12,652	8,471	-	-	32,973
Disposals	(6,235)	-	-	-	-	(6,235)
Cost - 31/12/19	<u>62,939</u>	<u>91,403</u>	<u>37,608</u>	<u>7,791</u>	<u>147,335</u>	<u>347,076</u>
Accumulated Depreciation						
Accumulated depreciation- 31/12/18	36,464	43,745	29,136	7,791	89,970	207,106
Charge for the year	9,441	13,710	2,118	-	24,514	49,783
Disposal	(4,812)	-	-	-	-	(4,812)
Accumulated depreciation - 31/12/19	<u>41,093</u>	<u>57,455</u>	<u>31,254</u>	<u>7,791</u>	<u>114,484</u>	<u>252,077</u>
Net book value - 31/12/19	<u>21,846</u>	<u>33,948</u>	<u>6,354</u>	<u>-</u>	<u>32,851</u>	<u>94,999</u>
Net book value - 31/12/18	\$ <u>20,860</u>	<u>35,006</u>	<u>1</u>	<u>-</u>	<u>57,365</u>	<u>113,232</u>

The accompanying notes form an integral part of these financial statements.

Mario Lendor

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INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Utilities Regulatory Commission. ("the Commission"), which comprise the statement of Financial Position as at December 31, 2019, Statement of Changes in Fund Balance, Statement of Comprehensive Income and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the National Utilities Regulatory Commission Act No.3 of 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements (Continued)

Other information included in the Commissions 2019 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Commissions 2019 Annual Report, other than the financial statements and our auditor's report thereon. The Commissions 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commissions ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Commissions financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements

(Continued)


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the Commission as a body, in accordance with the National Regulatory Commission Act No.3 of 2016. Our audit work has been undertaken so that we might state to the Commission those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Commission as a body, for our audit work, for this report, or for the opinion we have formed.


Mario Lendor
Chartered Accountants
Castries, Saint Lucia
29th April, 2020



NATIONAL UTILITIES REGULATORY COMMISSION

FINANCIAL STATEMENTS

31st December, 2019

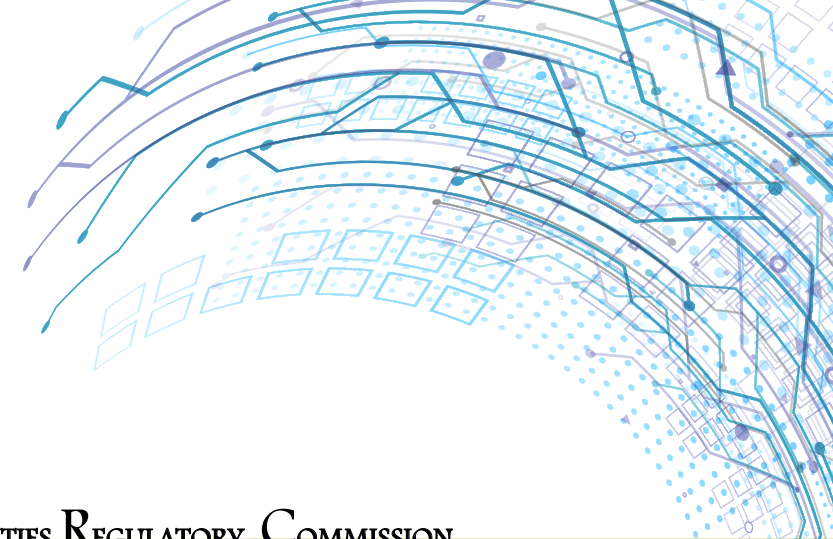
- MARIO LENDOR -

Tel: 758-453 2356 Fax: 758-453-2270





Audited Financial Statements 2020



NATIONAL UTILITIES REGULATORY COMMISSION

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31st December, 2020

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NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Financial Position

As at 31st December, 2020
With comparative figures as at 31st December, 2019
(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>			
Cash and cash equivalents	5	\$ 138,173	548,238
Accounts receivable	6	<u>100,650</u>	-
Total current assets		<u>238,823</u>	<u>548,238</u>
<u>Non-Current Asset</u>			
Property, plant and equipment	9	<u>63,583</u>	<u>94,999</u>
Total non-current asset		<u>63,583</u>	<u>94,999</u>
Total assets		<u>302,406</u>	<u>643,237</u>
<u>Current Liabilities</u>			
Accounts payable and accruals	7	<u>183,371</u>	<u>304,050</u>
Total current liabilities		<u>183,371</u>	<u>304,050</u>
Total liabilities		<u>183,371</u>	<u>304,050</u>
<u>Fund Balance</u>			
Fund balance		<u>119,035</u>	<u>339,187</u>
Total fund balance		<u>119,035</u>	<u>339,187</u>
Total liabilities and fund balance		<u>\$ 302,406</u>	<u>643,237</u>

Approved by the Commissioners on 10th June 2021 and signed on their behalf by;

Chairman: Lawrence Nervais

Commissioner: Henix Joseph

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Changes in Fund Balance

For the year ended 31st December, 2020
With comparative figures for the year ended 31st December, 2019
(Expressed in Eastern Caribbean Dollars)

Balance - end of year - 2018	\$ 287,292
Excess revenue over expenditure	<u>51,895</u>
Balance - end of year - 2019	339,187
Excess expenditure over revenue	<u>(220,152)</u>
Balance - end of year - 2020	<u>\$ 119,035</u>

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Comprehensive Income

For the year ended 31st December, 2020
With comparative figures for the year ended 31st December, 2019
(Expressed in Eastern Caribbean Dollars)

		<u>2020</u>	<u>2019</u>
Revenue	Note		
License fees		\$ 700,000	700,000
Government subvention		158,249	658,249
Contribution		-	30,000
Other income		1,850	1,050
Total revenue		<u>860,099</u>	<u>1,389,299</u>
Less: Expenditure			
Bank charges and interest		3,568	4,039
Advertising		2,856	-
Board meeting expenses		3,844	10,991
Commissioners' fees		126,250	136,500
Depreciation		31,416	49,783
Office and general expenses		31,662	28,308
Payroll expenses	8	690,238	855,479
Audit and accounting fees		8,800	14,400
Insurance expense		3,001	3,214
Communication		37,272	37,304
Conference, convention and meetings		12,104	26,050
Repairs and maintenance		20,209	19,851
Loss on disposal		-	1,423
Rent		94,487	129,730
Electricity		14,544	20,332
Total expenses		<u>1,080,251</u>	<u>1,337,404</u>
Net excess of expenditure over revenue		\$ <u>(220,152)</u>	<u>51,895</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Statement of Cash Flows

For the year ended 31st December, 2020
With comparative figures for the year ended 31st December, 2019
(Expressed in Eastern Caribbean Dollars)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Excess expenditure over revenue	\$ (220,152)	51,895
Adjustments for:		
Loss on disposal	-	1,423
Depreciation	31,416	49,783
Operating income/(loss) before working capital changes;	(188,736)	103,101
Accounts receivables	(100,650)	-
Accounts payable and accruals	(120,679)	105,497
Net cash generated from/(used in) operations	(410,065)	208,598
Cash Flows from Investing Activities		
Purchase of fixed asset	-	(32,973)
Net cash used in investing activities	-	(32,973)
Decrease in cash and cash equivalents	(410,065)	175,625
Cash and cash equivalents - beginnings of year	548,238	372,613
Cash and cash equivalents - end of year	\$ <u>138,173</u>	<u>548,238</u>

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

1. Background and Principal Activity

The National Utilities Regulatory Commission (NURC) was established under Section 5(1) of the National Utilities Regulatory Commission Act No 3 of 2016. The Commission commenced operations on February 9th, 2016. In accordance with clause 2 schedule 5 of the Act, all rights, liabilities and obligations of the National Water and Sewerage Commission were transferred to the National Utilities Regulatory Commission, on 8th February, 2016. The main objective of the Commission is the regulation of the delivery of electricity, water and sewerage services throughout Saint Lucia.

The main functions of the Commission are:

- ensuring the economic regulation of utility supply services,
- establishing, approving, monitoring and reviewing tariff schemes and tariffs,
- monitoring and ensuring compliance with standards,
- promoting the economic regulation of utility supply services,
- ensuring the protection of the interest of consumers in relation to the provisions of the utility supply service,
- promoting competition and monitoring anti-competitive practices in the utility supply service, and
- reporting to and advising the Minister with responsibility for Public Utilities on the economic, financial, legal, technical, environmental and social aspects of the utility supply services sector.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

The financial statements of The National Utilities Regulatory Commission have been prepared in accordance with International Financial Reporting Standards (IFRS) as they apply to the financial statements of the Commission for the year ended 31st December, 2020, interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements are presented in Eastern Caribbean Dollars and rounded to the nearest dollar. They have been prepared on the historical cost basis and on the going concern basis.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

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NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements ... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies ... (Cont'd)

b. Financial Instruments

Financial Assets

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Depreciation is provided to write-off the cost of property, plant and equipment, on a straight-line basis to allocate their cost over the estimated useful lives of the assets as follows:

Computer Software - 33.3% Office Equipment - 15% Computer Hardware - 25% Office Furniture - 15%

Leasehold Improvements - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

d. **Foreign Currency Translation**

Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean Dollars, which is the Commission's functional and presentation currency.

Transactions balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

e. **Leases**

All Commission leases are operating leases. Payments made under operating leases, net of lease incentives or discounts received, are charged through profit or loss on a straight-line basis over the period of the lease.

f. **Provisions**

Provisions are liabilities of uncertain timing or amount. They are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

g. **Income and Expense**

Income is recognised on the accruals basis as has been used for recording of income and expenses. Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the accrual method



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

h. **Accounts Receivable**

Trade accounts receivable and amounts due from related parties and other receivables represent the principal amounts due at the statement of financial position date plus accrued interest and less, where applicable any impairment.

i. **Accounts Payable and Accruals**

Trade accounts and amounts owing to related parties and other payables and accrued liabilities represent the principal amounts outstanding at the statement of financial position date plus, where applicable, any interest.

j. **Taxation**

The Commission is exempted from the payment of income taxes in accordance with the Income Tax Act Chapter 15.02 of the Revised Laws of Saint Lucia.

k. **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash on hand and non-restricted balances at the commercial banks.

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

3. Critical Accounting Estimates and Judgements

No major estimates and assumptions have been made relating to the reporting of results of the operations of the Commission.

4. Financial Risk Management

In accordance with provisions of International Accounting Standards No. 32, disclosure is required regarding credit risk, interest rate, fair value and liquidity risk of financial assets and liabilities. This note details our financial risk management objectives and policies. We discuss the exposure and sensitivity of the Commission to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks. The policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments.

Treasury Policy

The Commission activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Commission seeks to minimise potential adverse effects on the Commission's financial performance.

Exchange Rate Risk

The Commission is not exposed to foreign currency risk on the majority of its transactions and settlement of trade and other receivables and payables which are not denominated in US dollars. The Commission does not use foreign exchange contracts and other derivatives and financial instruments.

Credit Risk

Credit Risk arises from the possibility that counterparties may default on their obligations to the Commission. The amount of the Commission's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. Cash deposits and similar financial instruments give rise to credit risk, which represents the loss that would be recognised if counterparty failed to perform as contracted. The carrying amount of the financial assets of the Commission represents the maximum credit exposure of the Commission.

Maximum exposure to credit risk at the reporting date was:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	<u>138,173</u>	<u>548,238</u>
\$	<u>138,173</u>	<u>548,238</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management ... (Cont'd)

Interest Rate Risk

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Commission to interest rate risk. The Commission is not significantly exposed to interest rate risk on its surplus cash as it is non-interest bearing accounts.

Liquidity Risk

The Commission manages operational liquidity in-order to meet its financial obligations of servicing and repaying its expenses and strategic initiatives.

	Carrying amount \$000	Contractual cash flows \$000	0-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
Accounts payables and accruals	<u>183,371</u>	<u>183,371</u>	<u>149,838</u>	<u>33,533</u>	<u>-</u>	<u>-</u>
At 31 st December, 2020	<u>183,371</u>	<u>183,371</u>	<u>149,838</u>	<u>33,533</u>	<u>-</u>	<u>-</u>

At 31st December, 2020 the Commission had cash and cash equivalents of \$138,173. These amounts are highly liquid and are a significant component of the Commission's overall liquidity and capital resources. Liquidity forecasts are produced on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements.

Fair Value of Financial Instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Commission's financial assets and liabilities are traded in a formal market. Estimated fair values are assumed to approximate their carrying values.

The accompanying notes form an integral part of these financial statements.



NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

5. <u>Cash and Cash Equivalents</u>	2020	2019
Bank of St. Lucia Limited – current account	89,551	456,590
Bank of St. Lucia Limited - regular CD	25,910	68,936
Bank of St. Lucia Limited – call account	22,212	22,212
Cash on hand	500	500
	\$ 138,173	548,238

No interest is paid on any of the Commission's bank accounts.

6. <u>Accounts Receivables</u>		
License fees	100,000	-
Staff receivables	650	-
	\$ 100,650	-

7. Accounts Payable and Accruals

There is no material difference between the carrying value and fair value of trade and other payables presented. For liquidity risk exposure analysis purposes, the carrying amount of trade and other payables is the same as the contractual cash flows, with the contractual maturities of these financial liabilities all due in less than one year.

Salaries and wages	103,490	236,790
Professional fees	8,000	8,000
Other	71,881	59,260
	\$ 183,371	304,050

8. Payroll Expenses

Salaries and wages	574,525	694,514
Gratuity	99,589	141,144
NIC	16,124	19,821
	\$ 690,238	855,479

The accompanying notes form an integral part of these financial statements.

NATIONAL UTILITIES REGULATORY COMMISSION

Notes to Financial Statements... (Cont'd)

31st December, 2020
(Expressed in Eastern Caribbean Dollars)

9. Property, Plant and Equipment:

A category breakdown of fixed assets is as follows:

	Office Furniture	Office Equipment	Computer Hardware	Computer Software	Leasehold Improvements	Total
Cost						
Cost - 31/12/19	\$ 62,939	91,403	37,608	7,791	147,335	347,076
Cost - 31/12/20	62,939	91,403	37,608	7,791	147,335	347,076
Accumulated Depreciation						
Accumulated depreciation– 31/12/19	41,093	57,455	31,254	7,791	114,484	252,077
Charge for the year	8,019	13,082	2,104	-	8,211	31,416
Accumulated depreciation - 31/12/20	49,112	70,537	33,358	7,791	122,695	283,493
Net book value - 31/12/20	13,827	20,866	4,250	-	24,640	63,583
Net book value - 31/12/19	\$ 21,846	33,948	6,354	-	32,851	94,999

The accompanying notes form an integral part of these financial statements.



Mario Lendor

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INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Utilities Regulatory Commission. ("the Commission"), which comprise the statement of Financial Position as at December 31, 2020, Statement of Changes in Fund Balance, Statement of Comprehensive Income and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the National Utilities Regulatory Commission Act No.3 of 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements (Continued)

Other information included in the Commissions 2020 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Commissions 2020 Annual Report, other than the financial statements and our auditor's report thereon. The Commissions 2020. Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commissions ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Commissions financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS OF NATIONAL UTILITIES REGULATORY COMMISSION

Report on the Audit of the Financial Statements

(Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

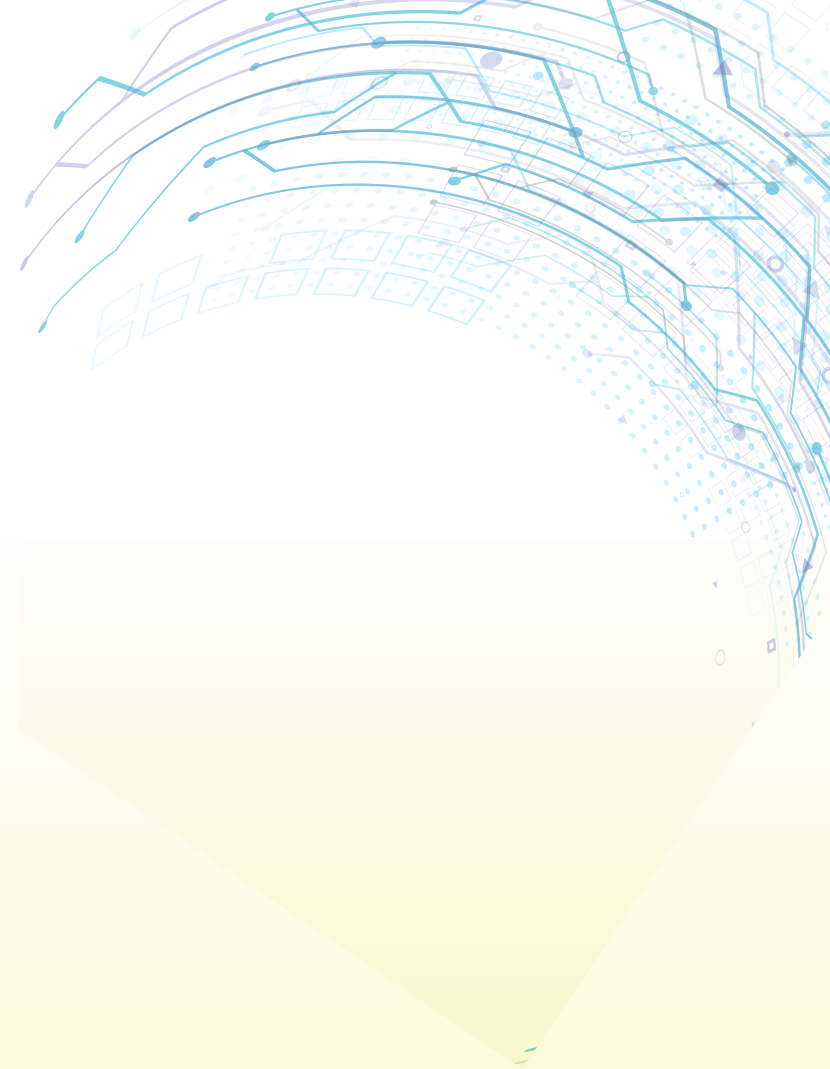
From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the Commission as a body, in accordance with the National Regulatory Commission Act No.3 of 2016. Our audit work has been undertaken so that we might state to the Commission those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Commission as a body, for our audit work, for this report, or for the opinion we have formed.

Mario Lendor

Mario Lendor
Chartered Accountants
Castries, Saint Lucia
23rd June, 2021





NATIONAL UTILITIES REGULATORY COMMISSION

FINANCIAL STATEMENTS

31st December, 2020

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NOTES

