



ANNUAL REPORT

2021







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Overview

Over the past two years, the entire world continued to grapple with the extraordinary challenges emerging from the COVID-19 pandemic. Like many countries and entities regionally and internationally, the NURC evolved to ensure continuity of service in a climate where the dependence on the regulated sectors (electricity, water and sewerage) are intrinsic to our survival. In July 2021, following the General Election, the Minister with responsibility for Public Utilities appointed a new Board of Commissioners tasked with the duty of overseeing the work of the Commission. While this present Board sat for less than six months, Commissioners were fully apprised of the Regulator's work in the past fiscal year and are pleased that despite a spate of curfews and several variant COVID-19 outbreaks, the NURC team has tailored its operations and responded effectively in carrying out its regulatory mandate.

The Commission was able to commence and resume several key projects in the year. These included, inter alia, securing technical assistance from the Global Green Growth Global Institute (GGGI),

During the year under review, the Commission remained resolute to its legislative mandate and worked tirelessly towards effectively and efficiently regulating the electricity and water sectors. We consider both bodies of work critical in an environment where there is an impetus to drive sustainability and reduce fossil fuel reliance for economic, environmental and national reasons

facilitating a Caribbean Development Bank (CDB) grant funded consultancy for institutional capacity building, obtaining support from the CARICOM Energy Policy and Regulations Help Desk to undertake a study for establishing rates for renewable energy for Saint Lucia and various stakeholder consultations. While these projects are all discussed in greater detail in this report, they are reflective of the Commission's commitment to providing the correct blend of regulatory oversight needed within the industry.

To date the Electricity Supply Bill, which would replace the existing Electricity Supply Act (ESA) Cap. 9:02; and govern the Energy/Electricity Sector remains in draft. Notwithstanding, the existing 2016 Electricity Supply (Amendment) Act recognises the National Utilities Regulatory Commission (NURC) as the entity responsible for the licensing and regulation of electricity generated from renewable energy sources. The enactment of this new legislation is expected to clarify the licensing and regulatory authority of the Regulator particularly within an environment which embraces renewable energy and energy efficiency. The legislation will also allow the NURC to gain revenue from licensing of the main utility, St. Lucia Electricity Services Limited (LUCELEC) and renewable energy installations by domestic, commercial and independent power producer installers.

During the year under review, the Commission remained resolute to its legislative mandate and worked tirelessly towards effectively and efficiently regulating the electricity and water sectors. We consider both bodies of work critical in an environment where there is an impetus to drive sustainability and reduce fossil fuel reliance for economic, environmental and national reasons. As a regulator, the NURC must also be responsive to the dynamism of utility operations in the country, ensuring that the regulated entities remain viable while operating within the confines of providing safe, reliable and affordable services to consumers. As we continue into 2022, we are hopeful that a return to, albeit a new normal, will help drive results for the year. As a regulator, we are cognisant that coming out of a pandemic there is an

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overarching need to regain pre-pandemic momentum in our regulated sectors. As an organisation, we are committed to building our regulatory capacity to effectively regulate both sectors. To accomplish this, we are keenly focused on developing a more engaging, collaborative regulatory approach with our key stakeholders.

Underpinning this is the need for a more informed populous through the initiation of a public education campaign to heighten awareness of the Regulator and its impact on our society. It is our plan to create this movement in 2022 with a significant focus on rural communities. The Commission intends to dedicate its resources to creating meaningful opportunities to engage with the public, get feedback on regulatory proposals, where appropriate and provide easy access to information and content for the public's benefit.

Accomplishing these strategic objectives require that we entrust the right people to lead this important work. It is in this vein we are confident that the Secretariat's expertise and leadership will aid the continued advancement of the Commission. Undoubtedly, the team has navigated well, sharpened their capabilities, and acquired new talent to lead us through the uncertainty of the COVID era to deliver expert regulatory oversight and fulfil our national mandate for the advancement of our nation.

Remarks by the Chairman of the Commission



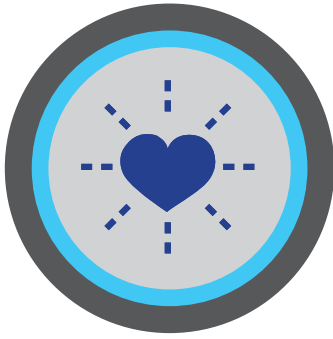
Mr. Lawrence Nervais
Chairman

The NURC celebrated another year of accomplishments, challenges, and growth in 2021. Although, the year ended in the height of the COVID-19 global pandemic, the response of the Commission to this crisis has been excellent to date. Throughout the year, the Secretariat remained true to its core advisory, adjudicatory, and regulatory mandate and carried out its oversight roles. I submit that a key factor in our success has been our commitment to enhance the NURC's long tradition of exercising regulatory independence. This has permitted us to continue to strengthen the regulatory policy and decision-making framework for the regulated sectors; underpinned by the philosophy that the regulator has a duty to operate in the interest of all stakeholders. Our approach throughout the year has been one of constructive collaboration which has enhanced the working relationship among all stakeholders. The Commission is constantly aware of its responsibility to ensure that its vision, mission, mandate, and independence are achieved and maintained while safeguarding the interests of all stakeholders.

Undoubtedly the emergence of COVID-19 accelerated digital innovation in the corporate world and the

Commission was no exception. In 2021 the Commission grasped the opportunity to extend digital solutions for receiving, analysing and resolving consumer complaints, leading to an improvement in real time responsiveness and operational efficiency of the regulated utilities. I am pleased that over the period under review the Commission continued its practice of information dissemination, public engagement, consultations, and meetings using virtual platforms. The Commission also continued to discharge its public responsibilities in ensuring timely compliance with its statutory and other public obligations, such as the publication of its annual report and workplan. The Secretariat continued to work assiduously throughout the year on its scheduled programmes and other critical matters. Accordingly, during the early part of the year staff worked collectively with consultants to complete a preceding consultancy for Institutional Strengthening and Capacity Building within the NURC and a study for establishing rates for renewable energy for Saint Lucia.

Finally, I wish to acknowledge and thank my colleagues, the members of the Secretariat- the staff, and the management of the NURC for their steadfast commitment to the delivery of regulatory decisions in the best interest of Saint Lucia. We remain committed to our legislative mandate, mission, vision and core values and ensuring that consumers and service providers of electricity, water and wastewater are afforded fair and transparent regulation. We look forward to continuing to add value to all our stakeholders and ultimately to support national development. I take this opportunity to welcome and offer best wishes to the new Board of Commissioners, who was appointed during the second half of the reporting year; the Secretariat will benefit tremendously from their acute expertise, erudition, and vast experience in a range of disciplines and sectors.



Vision Statement

Excellence in regulating utility services for sustainable development of Saint Lucia.



Mission Statement

Leading with expertise, innovation, and professionalism, grounded in regulatory fairness, inclusion and impartiality to enable the provision of quality energy, water and sewerage services for national development. 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.



Core Values

Innovation and Creative Thinking:

Fresh thinking, imaginative and consistently creative introduction of new and original ideas.

Integrity:

Cohesive, sound, unwavering principles, character, honour and morals in all things, regardless.

Respect:

Due regard for the feelings, wishes, or rights of others.

Inclusion:

Involving and working with our internal & external stakeholders in the provision of regulatory services.

Transparency:

Providing full information required for collaboration, cooperation and collective decision making.

Professionalism:

A standard of knowledge, experience, skill and mastery in all vocations and fields of endeavour.





Introduction

This, the sixth 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, 2021. 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



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.

Board and Management Structure

The NURC maintains an organisational structure that facilitates efficient regulation of the Electricity, Water and Sewerage sectors, good corporate governance, and efficient provision of cross-cutting services. The structure contains a Board of Commissioners as the top decision-making and oversight body supported by the Secretariat, responsible for facilitating the day-to-day operations of the Commission.

Composition of the Commission

The Board of Commissioners governs NURC and is the highest decision-making organ. The NURC Act No. 3 of 2016 mandates the appointment of a Board of Commissioners. The seven (7) member Board was appointed by the Minister for Public Utilities effective June 26, 2018, with staggered tenure. However, three Commissioners' term ended on June 25, 2021, thereby preventing a quorum for the continuance of the NURC's decision making authority. New Commissioners were appointed with effective from October 22, 2021 as follows:

Board of Commissioners effective October 22, 2021:

Commissioners

	Tenure
Mr. Lawrence Nervais (Chairman)	5 years
Mr. Martin Weekes (Deputy Chairman)	5 years
Mr. Vaughn Louis-Fernand	5 years
Ms. Mary Polius	5 years
Mr. Mitchelson Phillips	5 years
Mr. Andrew Antoine	5 years
Mr. Albert Fregis	5 years

Board of Commissioners effective June 6, 2018:

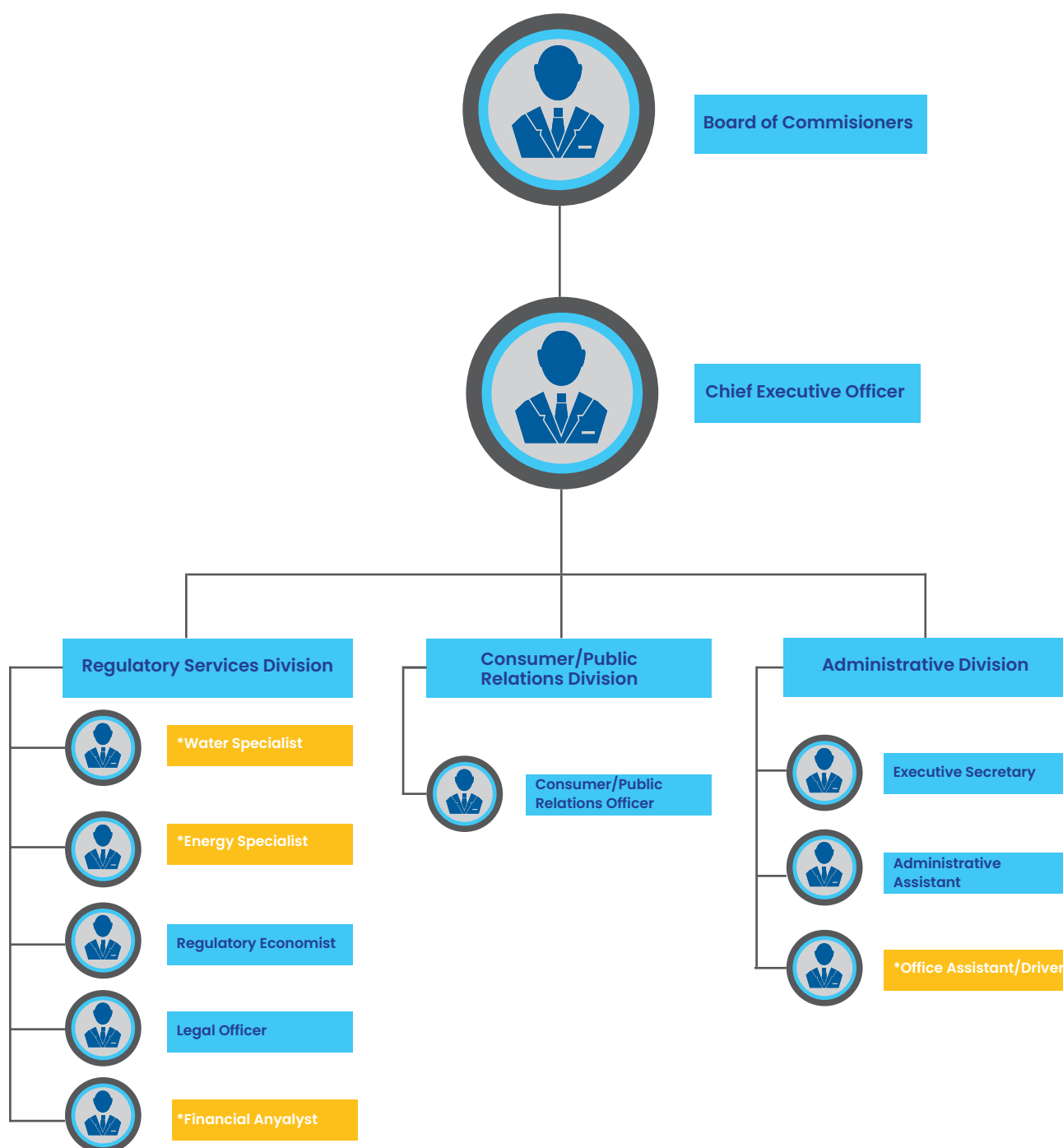
Commissioners

	Tenure
Mr. Lawrence Nervais, Chairman	5 years
Dr. Frederick Isaac, Deputy Chairman (Resigned November 15, 2019)	
Mr. Vaughn Louis-Fernand	4 years
Mr. Justin Sealy	4 years
Mr. Henix Joseph	3 years
Mr. Amarae Arthur	5 years
Mrs. Marguerite Desir	3 years

Organisational Structure

The Chief Executive Officer, who is an ex-officio Commissioner, is responsible for managing the day-to-day affairs of the Commission and was supported by a team of six (6) competent and professional employees. The Secretariat provides a range of services and advice to the Commission on all aspects of its work

Organisational Chart



**yellow tabs represent vacant positions*

Board of Commissioners

(Effective October 22, 2021)



Mr. Lawrence Nervais
Chairman



Mr. Martin Weekes
Deputy Chairman



Mr. Andrew Antoine
Commissioner



Ms. Mary Polius
Commissioner



Mr. Mitchelson Phillips
Commissioner



Mr. Albert Fregis
Commissioner

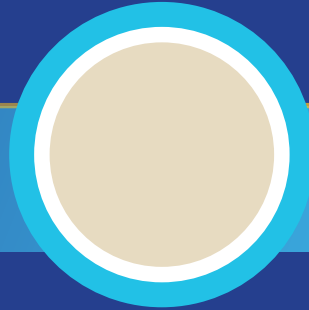


Mr. Vaughn Louis-Fernand
Commissioner

Board of Commissioners (June 6, 2018, to July 26, 2021)



Mr. Lawrence Nervais
Chairman



Deputy Chairman
Vacant



Mr. Henix Joseph
Commissioner



Mrs. Marguerite Desir
Commissioner



Mr. Amarae Arthur
Commissioner



Mr. Justin Felix
Commissioner



Mr. Vaughn Louis-Fernand
Commissioner

The Secretariat



Mrs. Allison Jean
Chief Executive Officer



Mrs. Julie Peter-Clauzel
Executive Assistant



Mr. Jayde Jean
Legal Officer (Until November 15, 2021)



Ms. Skeeta Carasco
Regulatory Economist



Ms Yasmin Edwin
Administrative Assistant



Mrs. Manendra George-Roberts
Consumer Relations Officer



Ms Paulana Phillipe
Office Cleaner

Sectors Report

The COVID-19 pandemic continued in 2021 which marked the beginning of the “return to normal” for the world and for utilities. Although the COVID-19 virus continued to rage with the spread of more infectious and deadly variants, the sudden global jolt that halted almost all activity globally during the previous year morphed into changing restrictions and modes of work and resulted in greater movement of people and economic activity.

Globally, electricity and water utilities saw a return of demand to close to pre-pandemic levels. Moratoriums on disconnections and other measures which were instituted to protect the vulnerable during the pandemic were rolled back with a resulting resurgence of utility revenue from the sharp falls experienced during the prior year. The return of demand alongside the phasing out of temporary measures instituted to protect customers unable to make payments improved the financial performance for utilities which were among the casualties of the prior year’s pandemic lockdowns.

While supply chain disruptions continued to disrupt business activities throughout 2021, utility projects which had been delayed by pandemic related shortages and travel restrictions progressed in the face of the new approach of living with COVID-19 and a “return to normal”. The global energy industry’s fast-growing renewable energy segment which had been significantly retarded by the pandemic lockdowns showed favourable signs of recovery during 2021. Amidst a global increase in demand for crude oil and other commodities and continued supply chain issues, commodity prices began their upward climb in 2021. The upward trend in oil prices was further compounded by the uncertainties related to the Russian massing of personnel and military equipment near its border with Ukraine. The combined effect of these factors saw the start of increasing energy prices paired with a global inflationary environment.

Globally, electricity and water utilities saw a return of demand to close to pre-pandemic levels. Moratoriums on disconnections and other measures which were instituted to protect the vulnerable during the pandemic were rolled back with a resulting resurgence of utility revenue from the sharp falls experienced during the prior year





Review of the Water and Sewerage Sector 2021

Like the electricity sector, Saint Lucia's water sector experienced an increase in demand levels driven in part by a 52 percent increase in stayover arrivals over 2020. The easing of restrictions and increased global travel and trade also positively impacted water sector projects which had been affected by the prior year's global travel meltdown. Notwithstanding these relatively more favourable economic and business-related conditions, water consumers were negatively impacted by WASCO's challenges with its billing system during the reporting period.

Legislation and Policy

Following the presentation of the draft Water Sector Policy during the prior year, a second version of the Water Sector Policy was presented to stakeholders for their further review and feedback. The NURC implemented its system of Licences for a Water Trucking Service during the period and one supplier of that service was licensed for the period.

WASCO's Performance

Utility Regulators commonly assess utility performance using information provided in reports submitted by the utility.

In accordance with legislative requirements, WASCO is expected to submit its annual budget and annual report to the NURC. WASCO also submits to the NURC a quarterly report that covers aspects of the performance of its various units. WASCO has not yet submitted an annual report for the year 2021 and submitted no quarterly reports for the period. In the absence of the annual and quarterly reports, this assessment of WASCO's performance heavily relies on information presented in other reports and secondary data sources.

Improved revenue performance and progress made on major capital projects contributed to a better overall performance for WASCO compared to the year 2020. WASCO however experienced significant billing challenges during the reporting period. Accordingly, WASCO returned an operating revenue of EC\$54,051,200 and an overall revenue of EC\$55,225,300. This represented a 4.7 percent and 3.9 percent increase in operating and overall revenue respectively. In keeping with this improved revenue performance, WASCO returned a net profit before project adjustment of EC\$1,631,500, a reversal of the net loss before project adjustment of EC\$1,176,500 experienced during the year 2020. The company returned a net profit after project adjustment of EC\$5,035,400, representing a significant increase over the net profit after project adjustment of EC\$883,000 returned in 2020.

Based on data presented in WASCO's budget, WASCO attained a return of equity of 5.12% in 2021 compared to a return of equity of 0.98% in 2020 and 12.05% in 2019. WASCO's increased sales also seemed to have influenced a stronger performance in other performance measures presented including net profit, return on assets and interest cover. Despite WASCO's improved performance on these measures, WASCO's performance on average debtor days, the measure which captures WASCO's efficiency in collecting payments worsened. Average debtor days increased from 299 in 2020 to 317 in 2021. One contributing factor to this worsened performance may be the challenges the company experienced with its billing system which resulted in delays in bills being issued and spikes in customers' monthly bills.

Capital Projects

WASCO reported progress on the John Compton Dam Rehabilitation project and submitted correspondence to the NURC indicating that both project works: the Construction of the Sediment Disposal Area (JCD01) and Dredging and Transport of Sediment (JCD02) had been substantially completed. The company reported that the dyke had been built to an elevation of 84 metres above sea level creating a capacity of over 80,000 cubic meters. WASCO also reported completion of the initial dredging of the reservoir and noted that 85,000 cubic meters had been removed representing approximately five per cent of the volume of silt contained in the dam.

Based on information presented in reports on the dredging fee, WASCO did not construct the sediment disposal area to attain the ultimate dyke height as was originally envisaged. The company in 2019 decided to construct a Starter dyke with an elevation of 84 metres above sea level and to use a temporary emergency spillway for up to five years only. Golder & Associates, the supervising engineers for the component of the project which included construction of the starter dyke indicated that although the lower intake port of the John Compton Dam has been cleared, the starter dyke is full of dredged sediment and that future storms would necessitate the raising of the dyke to the Ultimate dyke level and further dredging. These engineers also noted that earth fill for the started dyke was capped at 83 metres above sea level and that to maximize the capacity of the impoundment course material was placed between the elevation 83 metres to 84 metres above sea level. Consequently this 1 meter thick layer of material must be removed and replaced with compacted earth fill prior to future dyke rises.

Review of the Electricity Sector 2021

Consistent with the global trend, Saint Lucia's economy experienced a rebound in activity which set the stage for an increase in energy demand over the prior year. Amidst the increased economic activity, LUCELEC registered a strong performance and attained a rate of a return of 14.625% for the year 2021.

While work on the legislative and regulatory framework required to facilitate Saint Lucia's attainment of its renewable energy targets continued during the period under review, it was not advanced to a stage of completion. In anticipation of the legislative changes and changing sector dynamics, both the NURC and LUCELEC participated in strategic planning activities which will further prepare the organizations for the energy sector transition.

Legislation, Policy and Regulation

Against the backdrop of LUCELEC's impressive return, 2021 was another year spent in anticipation of the energy sector legislation which contains provisions related to reform of the current pricing structure which guarantees LUCELEC a minimum rate of return to an incentive-based system of price regulation. Work on finalizing the Energy Sector

legislation continued led by the Ministry of Infrastructure, Ports, Energy and Labour. This was bolstered by the NURC's further review of the Draft Electricity Regulations following the receipt of comments by LUCELEC and subsequently, a technical review of the suite of legislation and regulations completed by the Global Green Growth Institute (GGGI) Energy Regulatory Expert.

During the period under review, LUCELEC and the NURC were simultaneously engaged in strategic planning exercises. Looking ahead to the year 2035, LUCELEC developed its new strategic business plan which will guide the company's operations amidst the changing sector dynamics. The NURC continued its Caribbean Development Bank (CDB) funded organizational review and development of its strategic plan which had commenced during the prior year. In light of the global travel restrictions caused by the COVID-19 pandemic, the strategic planning exercise was fully executed virtually. Commissioners and staff of the NURC diligently participated in workshops and strategic planning exercises facilitated by the engaged consultants, Odyssey Consult Inc. The outputs of this exercise included strategic and operational plans for the NURC and a guiding document for undertaking tariff reviews.

While the organizational review and strategic planning exercise was ongoing, the NURC continued the Study for Establishing Rates for Renewable Energy for Saint Lucia which started at the end of the prior year. 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. During the period under review, the project's implementation shifted into high gear and the engaged consultants collected data, held discussions with stakeholders, facilitated training for key sector stakeholders and presented key deliverables including the final study and models for determining renewable energy rates.

On the heels of completing these two projects, the GGGI's Energy Regulatory Expert commenced a period of attachment at the NURC. During the period under review, the expert conducted in-house training for staff at the NURC, commenced the review of the energy sector legislation and regulations and worked on policy documents for the NURC.

LUCELEC's Performance

Buoyed by the improvement in tourism sector performance, LUCELEC delivered a noteworthy performance during 2021. The company reported a 4.9 percent increase in sales with unit sales increasing from 336,473,000 kWh in 2020 to 352,874,000 kWh in 2021. The increased sales were particularly pronounced for the hotel sector which registered a 28.8 percent increase in consumption to 66.3 million KWh, owing to the increase in stayover arrivals during 2021. An increase of 0.7 percent to 137.5 million KWh was also recorded for domestic consumption in 2021, while industrial consumption grew by 5.5 percent to 18.7 million KWh as a result of increased activity in the manufacturing and construction sectors.

Conversely, there was a decrease in total consumption for commercial customers and Street Lighting in 2021, compared to 2020. The former recorded a 0.2 percent decline to 120.1 million KWh, while the latter decreased by 1 percent to 10.19 million KWh. According to the 2021 Economic and Social produced by the Ministry of Finance in Saint Lucia, the marginal decline in consumption by commercial customers was due to the continued impact of restricted business operations brought about by the ongoing COVID-19 protocols following the second, third and fourth outbreaks in 2021.



Consistent with the overall increase in energy sales, there was a corresponding increase in total revenue with revenue increasing from EC\$260,200,000 in 2020 to EC\$294,800,000 in 2021, an increase of 13.3 percent. Despite a slight increase in non-fuel generation costs, the company returned an after-tax operating profit of EC\$40,500,000 million, an increase of 10.7 percent compared to the previous year's profits. Likewise, there was a 10.6% increase in earnings per share with the company registering group earning per share of EC\$1.77 in 2021 compared to the EC\$1.60 reported in 2020.

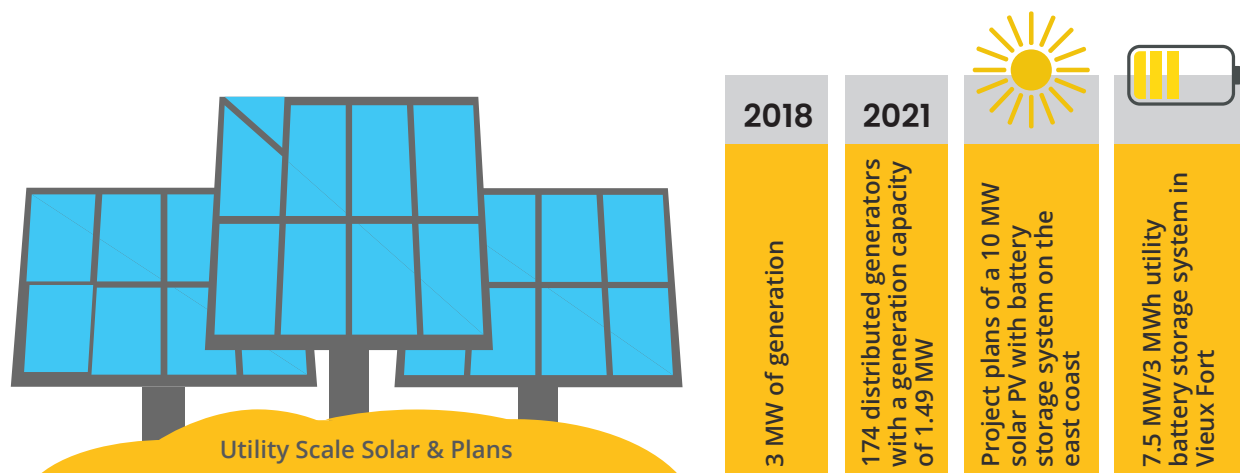
While LUCELEC recorded a slight decline in the return on equity, with a decrease in the return to 10.8% in 2021 compared to the 10.9% achieved in 2020, the company achieved a rate of return of 14.63% compared to 13.30% in 2020. LUCELEC's rate of return of 14.63% surpassed the higher limit of the allowable range of return necessitating a decrease in the tariff for hotel and industrial customers during 2022.

With respect to the cost of fuel utilized for the generation of electricity, the utility purchased diesel at an average price of \$7.21 per imperial gallon in 2021, a 14.6 percent increase relative to 2020. This resulted in a corresponding increase in the average fuel surcharge to \$0.053 per KWh in 2021.

LUCELEC reported that it achieved the performance target or better for 10 out of the 12 performance targets set by its Board of Directors for the period under review. The targets were achieved on metrics which capture financial performance, system reliability, cost management and strategic human resources management. The company reported that it was particularly pleased to have yielded the best reliability and customer satisfaction performances recorded to date. For the two areas where the targets were not achieved, the company noted that performance within these areas fell within the acceptable threshold. It attributed the above target system losses to the increase in sales and reported that its All Injury/Illness Frequency Rate was affected by external influences.

Renewable Energy

Since the commissioning of the solar plant in Vieux Fort in 2018, utility scale solar has accounted for 3 MW of generation. There have however been increases in the amount of distributed generation with LUCELEC reporting that there were 174 distributed generators with a generation capacity of 1.49 MW in 2021. LUCELEC reported that during the period under review, it continued to make plans for further investment in renewable energy. The company reported that it continued to develop the project plans of a 10 MW solar PV with battery storage system on the east coast. LUCELEC also reported that it worked on the project plan for the introduction of a 7.5 MW/3 MWh utility battery storage system in Vieux Fort.



Consumer Services

One of the major responsibilities of the NURC's Consumer Services and Relations Department is to drive consumer education and to lead meaningful public discourse on the Regulator's impact within our communities. Like many entities across the globe grappling with the COVID-19 pandemic, the Commission embraced the use of digital technology to ensure continuity in communications with its national stakeholders. Redirecting the department's communications strategy also meant retooling its traditional stakeholder engagement forum to a digital space. The Regulator facilitated consumer related services remotely both virtually and via phone. Accordingly, the NURC saw increased public participation as stakeholders gradually embraced the digital space as an opportunity to engage with the Regulator.

During the year 2021, the Commission worked assiduously to fulfil its mandated duties and obligations. These activities were specifically related to administrative functions and the handling of regulatory matters as needed. These included but are not limited to statutory duties such as satisfying NURC's accountability to its stakeholders by publishing its annual reports within the statutory period and reviewing and investigating complaints regarding regulated services as they arise. Indeed, we are quite proud of our efforts and our ability to embrace the opportunities that arose in a pandemic driven era. All our accomplishments would be for naught if it weren't for the competent staff compliment driving the Commission's day-to-day operations.

Public Awareness

The NURC acknowledges its duty to enhance public knowledge, awareness and understanding of regulated sectors including the rights and obligations, ways in which complaints and disputes may be initiated and resolved, and the duties and functions of the Commission. During the year under review the NURC continued efforts to create a greater presence through the establishment of assertive public awareness strategies. Despite continued limitations owing to the COVID-19 pandemic, the NURC remained committed to the continued expansion of its consumer education initiatives with increased focus on a communications strategy which diverted all public and stakeholder engagements towards the virtual space. Recognising this, throughout the year, the use of virtual communication applications was implemented as a critical platform to reach consumers and key stakeholders across the country with a view to creating a more enlightened and informed public.

The Commission renewed its efforts to encourage greater participation in its consultation process through the provision of easily accessible digital platforms. The NURC recognises the need for a deeper engagement with all stakeholders and reaffirms its commitment to exploring the expanded use of the digital platforms to encourage public engagement with the Commission and increase stakeholder involvement in the regulatory process. While the uncertainty of face-to-face communication continued, the NURC intends to develop a virtual strategy incorporating its social media platforms and other virtual communications applications to establish an engaging and consistent digital presence in 2022.

Stakeholder Engagement

The thrust in 2021 remained one of enhancing the Commission's image 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 functions of NURC, and encouraging greater stakeholder involvement. One of the main engagement activities pursued in 2021 was Consultations for Special Applications and Increased Photovoltaic Capacity Limits.

The Application Procedures for Solar Photovoltaic Generation pursuant to the National Utilities Regulatory Commission (NURC) Notice 1 of 2016 establishes capacity limits of 5kW and 25kW respectively for residential and commercial

applicants seeking interconnection to the Saint Lucia Electricity Services Limited's (LUCELEC) grid. This procedure was instituted to be utilised for the licensing and regulation of electricity from renewable resources pursuant to the NURC's mandate under Section 5 of the Electricity Supply (Amendment) Act No. 2 of 2016.

In light of this mandate and following several requests from stakeholders regarding the submission and consideration of applications exceeding the defined capacity limits; the NURC deemed it necessary to reassess NURC Notice 1 of 2016. In pursuance of this objective, the NURC conducted a series of consultations which aimed to solicit the views of all key stakeholders on the necessity or otherwise. The consultative process incorporated representatives of the private and public sector, the Saint Lucia Electricity Services Limited (LUCELEC), Department of Energy, Saint Lucia Manufacturing Association, Saint Lucia Chambers of Commerce, Saint Lucia Consumers Association, Saint Lucia Hotel and Tourism Association, Saint Lucia Industrial and Small Business Association, Ministry of Agriculture, Ministry of Commerce and photovoltaic installers.

Pre-Licensing Consultation for the Provision of Sewerage Trucking Services

In fulfilment of the Commission's legislative mandate to regulate utility supply services pursuant to Water and Sewerage Act Cap. 9:03 as amended by the NURC Act No. 3 of 2016; the NURC through a consultative process, commenced preparations for the introduction and implementation of a special licensing regime for sewerage trucking services. The consultations were conducted with the intent to provide stakeholders with a comprehensive understanding of the Draft Sewerage Trucking Services Licence including:

- The rationale and dynamics of the proposed regime.
- Duties, rights and responsibilities of the Commission.
- Duties, right and obligations of the Licensee.
- The sewerage truck service application form.
- The application procedure for sewerage truck service licence.

The consultations were inclusive of key stakeholders in the water, sewerage, public and private sectors. During the consultative process it was gleaned that the regulatory regime for the sewerage sector was not finalised and hence the service licensing process could not have been pursued by the NURC. It is hoped that after the Environmental Health Department within the Ministry of Health is equipped with the legislation to empower this department to oversee the discharge of sewerage then the service licensing process will be finalised.

Webinars

Recognising the challenges presented throughout 2021, the Commission revised its traditional stakeholder engagement forums to a digital space by hosting webinars in commemoration of World Water Day and Energy Awareness Month 2021. As a compliment to the many regional and local activities undertaken in recognition of Energy Month, the NURC hosted a virtual panel discussion. The virtual session was facilitated by the Chief Executive Officer of the NURC, Mrs. Allison Jean along with an esteemed panel of key energy stakeholders within the local energy landscape. The webinar which aimed to seek the perspectives of key stakeholders on the theme "From Dependence to Resilience: Fuelling our Recovery with Sustainable Energy" captured key challenges encountered from dependence on imported fossil fuels and practical approaches for transitioning to new energy systems that support resilience and sustainable energy sources.

Similarly, in honour of World Water Day, the Commission conducted a webinar presented by an esteemed group of panellists from the utility, regulatory and government sector which illustrated the key, challenges, fundamental threats

to groundwater, and the barriers to managing its sustainability and protecting it from over extraction, pollution, and harmful practices. The discussion was aligned to the global conversation on the international theme, “Groundwater – Making the Invisible Visible”.

External Participation and Engagement

The NURC recognises that, as the national regulator of electricity, water and sewerage services there is significant value to the Commission’s continued participation in the engagements with organisations of overlapping interest. Against this backdrop, the Commission participated in a series of workshops and training sessions for the implementation of the Low Emission Analysis Platform (LEAP) facilitated by the Government of Saint Lucia (GoSL), through the Department of Sustainable Development. Accordingly, the consultancy services of the Greenhouse Gas Management Institute (GHGMI) were utilised through a series of training sessions to enlighten representatives of the NURC and other key stakeholders with a general understanding of the capabilities of LEAP and its operations, including basic skills in demand, transformation and emissions modelling, introduce basic concepts related to energy statistics and greenhouse gas (GHG) emissions accounting e.g. familiarity with energy balances and GHG emissions inventories.

The NURC also participated in a series of workshops for the Renewable Energy Space Technology project (RE-SAT) for Saint Lucia, a Government initiative in partnership with a UK-based Institute for Environmental Analytics to support the island’s transition from fossil fuels to renewable energy. The RE-SAT offered a cloud-based energy analytics platform that focuses on the pre-feasibility and strategic planning of new renewable energy infrastructure through national energy transition strategies. The platform fuses satellite and in-situ weather data with advanced analytics to provide highly detailed renewable energy information to help users.

Activities of The Commission

During the year under review, the Commission worked assiduously towards the completion of pending developments from the previous financial year. Having the benefit of the 2020 COVID-19 pandemic experience, the NURC embraced 2021 with a degree of confidence in its ability to navigate and manage the uncertainties of pandemic mitigation measures and their impact on regulatory affairs. It is against this backdrop that successful outcomes were delivered from the following assignments undertaken by the Commission.

Institutional Capacity Building within the NURC

In fulfilling contractual obligations, the Consultancy for the provision of services for Institutional Capacity Building within NURC concluded on June 21, 2021. During the concluding stages consultants embraced interactive engagement amongst Commissioners and staff to facilitate knowledge transfer and training driven towards enhancing the Commission’s internal human resource capability. The successful completion of this consultancy presented finalised reports, validated manuals and mechanisms including:

1. Final Strategic Plan
2. Final Operational Plan
3. Final Organisational Review Report with recommended new Job Descriptions inclusive of individual dashboards
4. Final Summary Report
5. Year One Operational Dashboard
6. Year Two Operational Dashboard
7. Methodology for Conduct of Tariff Review
8. Guidelines for Conducting Tariff Reviews in the Water, Wastewater and Electricity Industries
9. Grievance Redress Mechanism

The Consultancy for Institutional Capacity Building within the NURC was awarded to the Commission by way of grant funding from the Caribbean Development Bank (CDB) through the Government of Saint Lucia (GOSL) for the development of a Strategic Plan and Operational Procedures to strengthen institutional capacity of NURC to deliver its mandate.

Study for Establishing Renewable Energy Rates for Saint Lucia

In anticipation of the passage of the new energy sector legislation, the NURC continued to pursue initiatives for undertaking studies relevant to the regulation of that sector. As part of this effort, the Study for Establishing Renewable Energy Rates for Saint Lucia resumed in the reporting year. The study, which was completed on May 14, 2021, embraced stakeholder participation to:

- **Develop a preferred approach for procuring utility-scale renewable energy by evaluating best practice procurement of renewable energy that have yielded the most optimal prices.**
- **Develop a preferred approach for pricing utility-scale renewable energy procured under non-competitive conditions.**
- **Develop a model for pricing utility scale renewable energy procured under non-competitive conditions.**
- **Present Draft Study of Renewable Energy Rates to the NURC and to stakeholders through a consultative workshop.**

The study for Establishing Renewable Energy Rates for Saint Lucia 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. Global Green Growth Institute (GGGI) Attachment of Technical Expert to the NURC

The NURC received technical support from the Global Green Growth Institute (GGGI) with the aim of strengthening the capacity and technical processes of the electricity regulator. The assistance stemmed from a scan of the NURC's institutional capacity which indicated that its effectiveness could be improved through the support of experts in the field of utility regulations and governance versed in creating effective technical and regulatory systems for renewable energy.

The GGGI provided support to the Commission through the attachment of an electricity Regulatory Expert tasked with the duties of providing capacity building activities and direct technical support in the development of a process for setting self-generation limits, technical review of the draft Electricity Services Act, and operationalising of the National Energy Transition Strategy, including modification of rate regulations to effectively support adoption of renewables. The expert also provided extensive support to the Secretariat in its day-to-day activities.

A close-up photograph of a Black woman with her hair in a bun, smiling warmly while looking at a computer monitor. She is wearing a light blue button-down shirt and a small gold stud earring. Her hands are positioned on a keyboard. The background is softly blurred, showing an office environment with a potted plant. A solid yellow horizontal bar is at the top of the image, and another yellow bar is at the bottom, partially covering the keyboard.

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 who were equipped with knowledge and experience in their respective fields. The Chief Executive Officer managed the day-to-day affairs of the Commission and served as an ex officio commissioner with no voting rights.

The organisational structure included the following positions:

i.	Chief Executive Officer	Mrs. Allison Jean
ii.	Legal Officer	Mr. Jayde Jean
iii.	Regulatory Economist	Ms. Skeeta Carasco
iv.	Water Specialist	Vacant
v.	Energy Specialist	Vacant
vi.	Financial Analyst	Vacant
vii.	Consumer Relations Officer	Mrs. Manendra George-Roberts
viii.	Executive Assistant to CEO	Mrs. Julie Peter-Clauzel
ix.	Administrative Assistant	Ms. Yasmin Edwin
x.	Office Assistant	Vacant
xi.	Cleaner	Ms. 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, Energy Specialist and Financial Analyst remain vacant due to the financial constraints in meeting compensation expenses for these positions. This placed grave limitations on the NURC's ability to provide technical monitoring and analysis of the Water and Electricity Utilities as well as conducting accurate tariff and economic analysis.

Training and Development

In line with Government's guidance to prevent the spread of COVID-19, the Commission continued to utilise a blended approach which allowed staff to work both in office and remotely under specific circumstances. The Chief Executive Officer continued to provide support through the issuance of regular communications and updates on COVID-19, provision of health and safety supports and implementation of office protocols and procedures. An organisation's commitment to learning and growth is one of the most critical areas of capacity building. In 2021, NURC continued with its effort to equip its staff with the relevant regulatory, managerial and operational competencies to enhance their service delivery as an intentional approach to the development of its human resource capital.

Recognising these challenges, the Commission continued to pursue efforts to support staff by building capacity and skills through a range of training and development opportunities to enable performance for the purposes of delivering its operational and strategic priorities. Training in 2021 included a range of virtual workshops and conferences attended remotely by staff including:

Leading Change Workshop

In light of the COVID-19 pandemic, the Caribbean Centre for Development Administration (CARICAD) offered its Leading Change Workshop to equip leaders in addressing the pressing changes amidst the unprecedented challenges presented by the virus and how to successfully navigate through these challenges within the workspace. The four-day virtual workshop which was attended by all members of staff provided a new perspective for understanding and traversing through change processes within an organisation and implementing results driven strategies.



Digitization of Records Workshop

Recognising how the COVID-19 pandemic has fast tracked the digital transformation of service delivery, a workshop was designed by CARICAD with the aim of improving continuity and the achievement of higher levels of effectiveness and efficiency of digitization services within organisations. This workshop provided members of the Secretariat with essential guidelines and models which can be utilised for the digitization of records and information management systems successfully.

Chief Executive Officers & Leadership Conference

The Caribbean Electric Utility Services Corporation (CARILEC) hosted its annual Chief Executive Officers' and Leadership Conference from May 25th-26th, 2021, under the theme: Transformational Leadership: Optimising the Human Potential. The virtual conference afforded the NURC's staff an opportunity to explore leadership imperatives for organisational and sectoral transformation. More specifically, the core pillars of inspirational motivation, idealised influence, individual consideration, and intellectual stimulation was explored within the context of present-day challenges and opportunities within the energy sector. The NURC's Chief Executive Officer also served as a panellist on the Regional Leaders Panel Discussion themed: Regulators and Utilities Collaborating to Lead Transformational Change.

The NURC's participation in meetings, workshops and conferences, fulfils 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. Recognising this, members of staff also served on committees with organisations of overlapping interest in fulfilment of initiatives of national interest including:

- Ministry of Infrastructure, Ports, Energy and Labour – Energy Awareness Month 2021 Committee.
- Water Resource Management Authority- World Water Day 2021 Committee.

Looking Forward

During the year under review, the Commission continued to grapple with the challenges presented by COVID-19 pandemic. This necessitated a paradigm shift in the NURC's operations to ensure the continued fulfilment of its mandate. The Commission, therefore, will maintain its efforts to identify and implement new methods of public education and legislative enforcement.

Collaborative efforts with affiliate agencies, from public outreach and harnessing the opportunities provided by web-based public education opportunities, such as webinars, will increasingly become part of the Commission's engagement activities.

The incorporation of such action will complement the Commission's staple activities which focus on its legislative mandate. With technology acting as the primary catalyst for the ever-evolving renewable energy, the Commission will aim to build on the aforementioned opportunities whilst exploring and implementing others which may bolster its ability to efficiently regulate and discharge its duties.

Collaborative efforts with affiliate agencies, from public outreach and harnessing the opportunities provided by web-based public education opportunities, such as webinars, will increasingly become part of the Commission's engagement activities





National Utilities Regulatory Commission

Financial Statements

31st December, 2021

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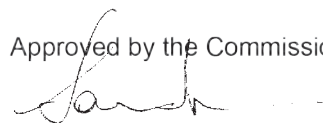
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Statement of Financial Position

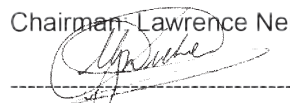
As at 31st December, 2021
 With comparative figures as at 31st December, 2020
 (Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>			
Cash and cash equivalents	5	\$ 153,991	138,173
Accounts receivable	6	75,050	100,650
Total current assets		<u>229,041</u>	<u>238,823</u>
<u>Non-Current Asset</u>			
Property, plant and equipment	9	11,544	63,583
Total non-current asset		<u>11,544</u>	<u>63,583</u>
Total assets		<u>240,585</u>	<u>302,406</u>
<u>Current Liabilities</u>			
Accounts payable and accruals	7	232,464	183,371
Total current liabilities		<u>232,464</u>	<u>183,371</u>
Total liabilities		<u>232,464</u>	<u>183,371</u>
<u>Fund Balance</u>			
Fund balance		8,121	119,035
Total fund balance		<u>8,121</u>	<u>119,035</u>
Total liabilities and fund balance		<u>\$ 240,585</u>	<u>302,406</u>

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



Chairman: Lawrence Nervais



Commissioner: Martin Weekes

The accompanying notes form an integral part of these financial statements

Statement of Changes in Fund Balance

*For the year ended 31st December, 2021
With comparative figures for the year ended 31st December, 2020
(Expressed in Eastern Caribbean Dollars)*

Balance - end of year - 2019	\$ 339,187
Excess expenditure over revenue	<u>(220,152)</u>
Balance - end of year - 2020	119,035
Excess expenditure over revenue	<u>(110,914)</u>
Balance - end of year - 2021	\$ <u>8,121</u>

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the year ended 31st December, 2021
With comparative figures for the year ended 31st December, 2020
(Expressed in Eastern Caribbean Dollars)

		<u>2021</u>	<u>2020</u>
Revenue	<u>Note</u>		
License fees		\$ 700,000	700,000
Government subvention		258,249	158,249
Other income		2,270	1,850
Total revenue		<u>960,519</u>	<u>860,099</u>
Less: Expenditure			
Bank charges and interest		2,822	3,568
Advertising		-	2,856
Board meeting expenses		1,576	3,844
Commissioners' fees		106,500	126,250
Depreciation		52,039	31,416
Office and general expenses		15,694	31,662
Payroll expenses	8	715,581	690,238
Audit and accounting fees		8,000	8,800
Insurance expense		3,001	3,001
Communication		20,252	37,272
Conference, convention and meetings		-	12,104
Repairs and maintenance		12,920	20,209
Legal fees		22,500	-
Rent		94,487	94,487
Electricity		16,061	14,544
Total expenses		<u>1,071,433</u>	<u>1,080,251</u>
Net excess of expenditure over revenue		\$ <u>(110,914)</u>	<u>(220,152)</u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

*For the year ended 31st December, 2021
With comparative figures for the year ended 31st December, 2020
(Expressed in Eastern Caribbean Dollars)*

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Excess expenditure over revenue	\$ (110,914)	(220,152)
Adjustments for:		
Depreciation	<u>52,039</u>	<u>31,416</u>
Operating loss before working capital changes;	(58,875)	(188,736)
Accounts receivables	<u>25,600</u>	<u>(100,650)</u>
Accounts payable and accruals	<u>49,093</u>	<u>(120,679)</u>
Net cash generated from/(used in) operations	<u>15,818</u>	<u>(410,065)</u>
Decrease in cash and cash equivalents	<u>15,818</u>	<u>(410,065)</u>
Cash and cash equivalents - beginnings of year	<u>138,173</u>	<u>548,238</u>
Cash and cash equivalents - end of year	\$ <u>153,991</u>	<u>138,173</u>

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

*31st December, 2021
(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, 2021, 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

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

31st December, 2021
(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

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

31st December, 2021
(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

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

31st December, 2021
(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

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

31st December, 2021
(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>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>153,991</u>	<u>138,173</u>
\$	<u>153,991</u>	<u>138,173</u>

The accompanying notes form an integral part of these financial statements

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

31st December, 2021
(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	232,464	232,464	183,783	48,681	-	-
At 31 st December, 2021	<u>232,464</u>	<u>232,464</u>	<u>183,783</u>	<u>48,681</u>	<u>-</u>	<u>-</u>

At 31st December, 2021 the Commission had cash and cash equivalents of \$ 153,991. 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

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

31st December, 2021
(Expressed in Eastern Caribbean Dollars)

5. <u>Cash and Cash Equivalents</u>	2021	2020
Bank of St. Lucia Limited – current account	59,319	89,551
Bank of St. Lucia Limited - regular CD	82,476	25,910
Bank of St. Lucia Limited – call account	12,201	22,212
Cash on hand	(5)	500
	\$ 153,991	138,173

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

6. <u>Accounts Receivables</u>		
License fees	75,000	100,000
Staff receivables	50	650
	\$ 75,050	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	134,613	103,490
Professional fees	8,000	8,000
Other	89,851	71,881
	\$ 232,464	183,371

8. Payroll Expenses

Salaries and wages	622,477	574,525
Gratuity	76,521	99,589
NIC	16,583	16,124
	\$ 715,581	690,238

The accompanying notes form an integral part of these financial statements

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

31st December, 2021
(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
<u>Cost</u>						
Cost - 31/12/20	\$ 62,939	91,403	37,608	7,791	147,335	347,076
Cost - 31/12/21	<u>62,939</u>	<u>91,403</u>	<u>37,608</u>	<u>7,791</u>	<u>147,335</u>	<u>347,076</u>
<u>Accumulated Depreciation</u>						
Accumulated depreciation– 31/12/20	49,112	70,537	33,358	7,791	122,695	283,493
Charge for the year	<u>9,441</u>	<u>13,710</u>	<u>4,249</u>	<u>-</u>	<u>24,639</u>	<u>52,039</u>
Accumulated depreciation - 31/12/21	<u>58,553</u>	<u>84,247</u>	<u>37,607</u>	<u>7,791</u>	<u>147,334</u>	<u>335,532</u>
Net book value - 31/12/21	<u>4,386</u>	<u>7,156</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>11,544</u>
Net book value - 31/12/20	\$ <u>13,827</u>	<u>20,866</u>	<u>4,250</u>	<u>-</u>	<u>24,640</u>	<u>63,583</u>

The accompanying notes form an integral part of these financial statements





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