

## **Comments Concept Law Electricity and Drinkingwater BES**

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### **Regulation**

In general I am of the opinion that regulation of our water and electricity supply by an independent third party is a very good thing. In the present circumstances there is little or no regulation at all. Also the electricity company sets its own tariffs. When production and distribution of electricity and water are a monopoly, which is the case in Statia, the company will hardly look to improve efficiency with the result that the consumer always pays too much.

### **Subsidy**

The main objective of the regulation is to guarantee reliable and good quality electricity and water. The affordability of both needs to be achieved for the time being by subsidy. Chapter 5 of the concept law allows Government to subsidize water and electricity. In the MvT it is explained that cost of electricity is about twice more than in the European part of The Netherlands while the cost of water is between 5 and 35 times higher. It is of course the intention to reduce the cost by for instance the introduction of renewal forms of energy. At this point however nobody can yet predict what the time line for this will be and what the actual effect this will have on the cost.

Seeing the above I have serious concerns with the statement in the MvT par. 3.4 that the subsidy will be reduced with 10% per year in the first five years after which period an evaluation will take place. When this policy of annually reducing the subsidy will be followed, without monitoring the impact of the introduction of alternative energy and other cost cutting measures, there is a very realistic chance that the monthly bill for the consumer will substantially increase before there will be an evaluation.

My proposal therefore is to have an evaluation every year and reduce the subsidy according to the achieved savings in production cost as such guaranteeing a consistent affordable tariff for the consumer.

### **Connections**

According to the law, art. 3.6.c, the water or electricity company is obligated to connect a consumer as long as this is for the company economically viable. The connection fee until 50 meters is always the same. Above 50 meters there will be a price per additional meter. In the present situation the a similar policy has lead to absurd high cost for home owners and businesses in order to be connected to the grid. For the distribution of water the laws still leaves the option of trucking the water. With regard to electricity there is no option but to pay the extra cost or invest in expensive alternative energy solutions. First of all in my opinion it should be mandatory for the electricity distribution company to connect all homes and businesses. My proposal also is to establish a maximum tariff for connections above 50 meters plus a possibility to be reimbursed in the event later on more users are connected to the extended line.

### **Supervisory Board**

I fully support that the supervisory board should consist of no more than 3 members as is stated in Par 3.4 of the law. This is not only to reduce cost but also to avoid nepotism whereby positions are shared among family and friends. Board members need to possess qualification in the areas of business management, finance and legal matters.

### **The use of cisterns**

The law is rather unclear with regard the use of cisterns. Par. 4.3 states that someone who does not use water from the distribution network can have a cistern.

The MvT states in par 3.6 states that when there is a water distribution network it is prohibited to disconnect from it and produce own drinking water, like with the use of cisterns.

In my opinion this needs to be clarified. Is it the intention that there will be an obligation to connect to the distribution network? Is it not allowed to use your cistern (and every home has one) when you have a connection to the distribution network? Furthermore is cistern water qualified as drinking water?

In my opinion there should not be an obligation to connect and the consumer should be allowed to be connected to the grid and use his own cistern water. The continued availability of reliable and *affordable* water supply should ultimately replace the use (and construction) of cisterns. Our citizens have invested in most cases tens of thousands of dollars in the construction of their cisterns.

To make the use of the water distribution network common good the price for water has to be reduced drastically. The present cost of 10 dollar per M3 is far too high and need to come down to be lowered drastically in order to make the switch from the use of our cisterns to the network affordable. This can be done due to socializing of the tariffs or subsidy.

Before placing restrictions by law on the use of cisterns it is important to establish if the available production of the water plant can meet the demand. The present facilities can produce a maximum of 250 m3 drinking water per day. By an average use of 90 liters per person per day the demand on Statia will be 360 m3. This does not include the consumption of businesses and visitors. It is clear that first the need to be a guarantee for sufficient supply before any obligation can be introduced for connecting to the grid.