

‘Rejecting electricity rate hikes comes with costs’



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Minister of Public Utilities Barry Padarath





Economist Dr Ronald Ramkissoon





Former minister of public utilities Marvin Gonzales





Dawn Callender, former chair of the Regulated Industries Commission

With the Government's firm stance against the electricity rate hike proposed by the Regulated Industries Commission (RIC), concerns mount over the longterm financial health of the T&T Electricity Commission (T&TEC).

Interviewed at a TSTT function last Thursday, Public Utilities Minister, Barry Padarath said he intended to take a proposal to Cabinet to reject the recommendation of the RIC to increase electricity rates for commercial (by between 37 per cent and 51 per cent) and residential customers, from 15 per cent to 64 per cent .

The rejection raises critical questions about how the utility company would sustain its operations, modernise aging infrastructure and maintain reliable service—especially in the face of rising costs and continued reliance on public subsidies.

Economist Dr Ronald Ramkissoon cautioned that without clarity on the funding source for continued subsidies, sustainability remains uncertain.

“It's not a good idea unless we know where the money for subsidising electricity is going to be coming from and they need to tell the population that...Unless, of course the Government has thought about it, has a plan and they know where the money is going to come from to continue to subsidise electricity,” he said.

Former public utilities minister Marvin Gonzales also expressed concern over the sustainability of the subsidy, questioning its funding source.

He warned that the Government's decision could potentially drive TTEC's subsidy burden from TT\$700 million to TT\$1 billion—a fiscal strain that may pressure the national budget and force a realignment of spending priorities.

The 2023 RIC recommendation to raise electricity tariffs was grounded in a need to align pricing with actual costs and help T&TEC reduce its dependency on Government support.

However, the Government's rejection, likely shaped by social and political considerations—including concern for vulnerable households—leaves a substantial funding gap.

Ramkissoon echoed the need for a balanced approach.

“We would like an economy in which prices are efficient and the economy is efficiently run. And we would like that the prices we pay for utilities, et cetera, are reasonable. The poor and those at the lower end of the economic spectrum should be helped in respect of the cost of utilities. I think that is important.

“And I think it is not abandoning the poor but you need to do that in a way in which the economy remains efficient, that there is growth and we should have a proper economy, a properly managed economy over time... We need a properly managed economy, sustainable.... Whatever you do, you want to make sure it is sustainable over time,” Ramkissoon advised.

He also underscored a troubling trend in society: the casual disregard for basic utilities such as electricity and water, often viewed as limitless and free by some.

“Many of us would leave the lights on forever. We will not tell our family to take off the lights, we will run the water. And it happens. We see it all around us, whether to water the plants, wash the car, whatever. But some of us understand what we think is free is not free. There are certain things we consider to be free but indeed, they are not.

“Somebody somewhere is paying for it. Either the taxpayers and sometimes I wonder if the plan is going to be to increase corporate and individual income tax because that is one way Government gets money,” Ramkissoon added.

Gonzales further noted that T&TEC probably owns Stateowned National Gas Company over \$ 5 billion, describing this issue as the elephant in the room as he added the utility company currently cannot service its loans.

“Nobody wants to hear from Barry Padarath. That statement he made is very superficial and it sounds good, it might provide the headlines that he’s looking for but you have serious issues that he’s not prepared to talk to the country about,” Gonzales said.

He further warned that unless T&TEC is granted the ability to recover modest revenue for the services it provides, the utility would be forced to rely more heavily on Government subventions—funding that is intrinsically tied to the State’s revenue stream.

This dependency, he cautioned, could compromise T&TEC’s capacity to deliver reliable service to citizens, ultimately weakening the broader national economy.

‘Satisfied we delivered’

Before the Government’s decision unravelled months of careful planning, the proposal to revise electricity rates had represented more than figures—it was a vision.

Behind it stood a team of professionals led by Dawn Callender, former chair of the RIC, committed to navigating the complex terrain of utility regulation with purpose and fairness.

In light of the Government’s proposal to reject the RIC’s proposal, the Business Guardian reached out to Callender for her perspective.

She emphasised her long-standing commitment to maintaining the neutrality of regulatory institutions when it comes to political discourse.

“Though I am no longer at the RIC, and, moreover, its chairman, I have maintained a stated policy that we not comment on political aspects of regulatory decisions. This is not a convenient statement, but a principle to which regulators adhere. As regulators, our work focuses on the economic aspects of balancing the needs of the utilities with the interest of consumers. The decisions of any government are political and I would not comment further on those,” she said.

On the potential financial impact to T&TEC, Callender explained generally, the utility does not 'lose' because when it does not collect adequate funds from its consumers, the Government, which is an important stakeholder, could subsidise the difference.

This option is well within the remit of any Government, she added.

That said, Callender said the new rates had been proposed to take effect from 2023 and were intended to provide funding of approximately \$29 billion over five years to enable T&TEC to continue to provide efficient service levels and to upgrade its equipment/service.

She said this amount may have been \$12 billion more than what was collected under the old arrangement.

After all of this work was done by the RIC under her stewardship, how does Callender feel that it is about to be shelved? "I am very satisfied that the board I led was able to fulfil its mandate. Within the scope of our authority, we discharged our duties well and made all efforts to balance the interests of our various stakeholders and to explain the rationale for the decisions taken. The exercise was also excellent experience for our staff who were made even more proficient to complete future reviews. We delivered a product with which we were satisfied and those who must make other decisions must assume the responsibility to fulfil their role," she said.

Minister responds

Public Utilities Minister Barry Padarath fired back at Gonzales's criticism, labelling it "shameless" and devoid of moral authority.

"He has no moral authority to be asking anyone about where the money is coming from. He sat and participated first hand in a government that allowed a \$5 billion debt to accumulate between T&TEC and NGC. Their only payment plan was to impose harsh tariffs on the population who were already reeling from an economy that the PNM crashed.

"Instead of addressing the over \$1.5 billion dollars in outstanding receivables that was accumulated under his tenure as minister of public utilities between ministries, State enterprises and T&TEC, the PNM attempted to drive the company into the ground with their own solution being hardship on citizens with new electricity rates," Padarath said.

He challenged why the former Cabinet sat on the RIC's recommendations for nearly two years without action.

The Public Utilities Minister however, assured that in the coming days the Government would say more about the process to reject the rates.

Looking ahead, Padarath emphasised that fiscal recovery would not come from higher utility rates or increased taxation.

"We intend over the next five years to improve the quality of service to the population, reduce the company's debt and outstanding receivables. It is ambitious however achievable in the five years," he outlined.

He also underscored the Government's commitment to attracting foreign investment, expanding renewable energy— particularly solar and wind—and strengthening the manufacturing sector.

"We intend to focus on inviting more proposals for solar energy with other multinationals, exploring wind energy and encouraging the injection of capital investment into the energy and non-energy sector," he said, adding that manufacturing is an area that must be expanded.

“Therefore, electricity and water rates impact all of these sectors. The former ministers used to operate in silos. Today our Government works across ministries in tandem,” Padarath added.