

## Tariff Comparison Study

It is not uncommon to hear customers lament about what they're paying for electricity. But the fact is St. Lucia's electricity rates are still among the lowest in the Caribbean. This is borne out by the results of CARILEC's 2010 Tariff Study.

CARILEC (the Caribbean Electric Utility Service Corporation) is an association of electric utilities, suppliers, manufacturers and other stakeholders operating in the electricity industry in the Caribbean. Currently, CARILEC comprises 98 members of which 33 are electric utilities. The others are companies involved in some aspect of servicing the electric utility business. Every year, CARILEC prepares a report which compares electricity tariffs among its members. The report compares the average tariffs customers pay across six categories – domestic customers using 100 kilowatt hours (kWh), domestic customers using 400 kWh, commercial customers using 2,000 and 5,000 kWh, and industrial customers using 10,000 and 100,000 kWh. For ease of comparison the rates are quoted in US dollars. The report also provides information on the fuel surcharge, the maximum demand, the number of customer accounts, and number of employees for each of the utilities.

For domestic customers using 100 kWh among utilities in Caribbean, in the 2010 Tariff Study St. Lucia has the fifth lowest tariff behind Trinidad & Tobago, Guadeloupe, Belize and the British Virgin Islands (BVI). And for domestic customers using 400 kWh, St. Lucia has the sixth lowest tariff behind Trinidad & Tobago, Guadeloupe, BVI, Belize and Aruba. Significantly, in St. Lucia, customers pay a lower rate for the first 180 consumed, and 68% of LUCELEC's customers use less than 180 kWh per month. In essence, what this means is that the majority of customers are paying less for electricity than in most of the islands in the entire Caribbean.

For commercial customers using 2,000 and 5,000 kWh, St. Lucia ranks ninth and tenth respectively, for the lowest tariff among the grouping. Among the countries ahead of St. Lucia for these categories of customers are Trinidad & Tobago, Guadeloupe, BVI, Belize, Aruba, Barbados, Nevis, and the Bahamas. In the 5,000 kWh category, Jamaica at seventh joins the list of countries ahead of St. Lucia.

In the industrial customer using ten thousand kWh category, St. Lucia moves to eleventh for the lowest tariff among the grouping. Although the top eight retain their respective positions in the ranking for this category the Bahamas falls below St. Lucia and Grenada and St. Vincent and the Grenadines move ahead of St. Lucia to ninth and tenth respectively.

In the industrial customer using 100 thousand kWh category, St. Lucia moves back to ninth in the rankings for the lowest tariff among the grouping, with Grenada and St. Vincent and the Grenadines dropping to 12th and 13th respectively.

In relation to the fuel surcharge, apart from Trinidad & Tobago which does not have a fuel surcharge, only Jamaica had a lower fuel surcharge than St. Lucia among the countries in the study (St. Lucia ranked second for the lowest fuel surcharge).

It is also noteworthy, that the majority of utilities registering lower tariffs than LUCELEC in the various categories have a much larger customer base. Of course, the wider the customer base, the wider the pool from which the utility can recover its costs. At the end of 2010 LUCELEC had nearly 60 thousand customer accounts. By comparison, the customer bases for the utilities in the following territories were as follows: Belize - 1.3 times St. Lucia's; Barbados - more than twice as many; Guadeloupe - nearly 4 times as many; Trinidad & Tobago - nearly 7 times as many; and Jamaica - nearly 10 times as many.

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