



THE ANGUILLA ELECTRICITY COMPANY LTD.

ANGLEC

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"COMMITTED TO SERVE"

March 3rd, 2021 – Fuel Surcharge Adjustment Notice

The Anguilla Electricity Company Ltd. (ANGLEC) advises that the Fuel Surcharge will be adjusted from 8¢ per kilowatt hour (kWh) to 15¢ per kWh on April 1st, 2021. This marks the first increase since 2018 (all adjustments since then have been reductions).

Kindly note, all adjustments to the Fuel Surcharge are applied in accordance with the Electricity (Rates and Charges) Legislation. While fuel prices continue to fluctuate, they have remained higher than the previous rates, on average resulting in a notable spike in fuel costs.

Understanding the Fuel Surcharge Adjustment

The Fuel Surcharge mechanism is designed for recovering the costs of fuel used in electricity generation and paid to fuel oil suppliers.

Volatile global market conditions cause the cost of fuel oil used in electricity generation, and many other industries (such as shipping and transportation) to rise and fall continuously.

The Fuel Surcharge Adjustment regulations allow for **both decreases and increases** in costs to be passed on to consumers, making it one of the most fair and efficient means of sustaining service, in spite of global volatility.

WHY NOW?

Without making this adjustment, fuel would be purchased at an inflated cost with no recovery. This would significantly hinder ANGLEC's operating ability.

The current adjustment to 15¢ per kWh represents ANGLEC's considered cost sharing under the current fuel price inflations. Earlier in the year, fuel prices began to increase and have continued to do so. Over the past few years, ANGLEC has absorbed over 70% of the fuel price increases, with no increased adjustments and unfortunately cannot continue under the current conditions.

With the impending surcharge adjustment, ANGLEC will still absorb a portion of the current fuel costs to soften the impact to customers in these difficult economic times.

For example, based on the cost of fuel as of February, this impending increase *should* be made to 30¢ to allow full recovery, instead of the carefully considered 15¢ per kWh increase currently being issued.

ANGLEC remains vigilant in monitoring trends amid the current economic volatility caused by the Covid-19 Pandemic as was done over the past year. During that time, customers were provided, with a fuel surcharge decrease as well as 10 months of relief from disconnections and late payments. ANGLEC continues to aid all customers amid this adjustment by absorbing a majority of the current fuel costs.

Throughout all rate adjustments, we encourage our customers to employ energy conservation methods and to be proactive in all matters regarding their energy bills.

Applying the Fuel Surcharge Adjustment

Take the following steps to calculate your estimated bill under the new adjustment:

1. Multiply your average kWh usage by the base rate (EC\$0.63), record the sum
1. Multiply your average kWh usage by the Fuel surcharge rate (EC\$0.15), record the sum
1. Add the two sums together to estimate your usage costs for a month

ANGLEC Fee Structure Breakdown

0-40 Units (kWh)	EC\$22.00
41-25000 Units (kWh)	EC\$0.63 per kWh
25000-100000 Units (kWh)	EC\$0.62 per kWh
>100000 Units (kWh)	EC\$0.43 plus Service Charge EC\$20500.00
Fuel Surcharge	EC\$0.15 per kWh (previously\$0.08)

Calculating the Surcharge Adjustment

Legislation regulates that ANGLEC charge 0.01 cent per kWh for every 0.10 cents increase in fuel cost above \$3.64 per imperial Gallon (IG). This mechanism allows ANGLEC to recover the cost of fuel over time with consideration for the fluctuating fuel prices.

While fuel for electricity generation is purchased in advance, ANGLEC monitors fuel prices weekly and uses a 3-month average to decide on upcoming adjustments. ANGLEC typically absorbs much of the increases in fuel costs to provide the most affordable rates

for Anguilla. Although the current rate is below that required under the legislation, we are happy to pass decreases along to customers as long as it is practical.

For more information and tips, please give us a call, or visit our website (www.anglec.com) or blog via [anglec.com/the plug](http://anglec.com/the-plug). For further updates, connect with our Facebook page (www.facebook.com/AnguillaElectricity).