

**Office of Utilities Regulation
And
The Petroleum Corporation of Jamaica**

Inaugural Conference on Natural Gas

THEME:

“New Horizons: The Development of a Natural Gas Sector in Jamaica- Prospects and Challenges”

Jamaica Pegasus Hotel
Thursday October 5, 2017

KEYNOTE ADDRESS

Hon. Audley Shaw, CD, MP
Minister of Finance and the Public Service

Good morning,

I want to thank the organizers, the Office of Utilities Regulation and the Petroleum Corporation of Jamaica for inviting me to give the key note address on Day Two of this important Conference on developing a Natural Gas Sector in Jamaica.

It is important that we recognize, however, that although the theme of the conference is Natural Gas, the discussion must focus broadly on other energy sources as the government’s overall strategy is to move toward cleaner, alternative energy sources.

We are all aware that the price of oil, particularly in the generation of affordable electricity, is a major challenge to economic growth and job creation in Jamaica today. For us to create efficient and profitable

industries, create jobs and achieve competitiveness in the global economy, we must reduce this burden on our manufacturers, our businesses and our people.

Relatively lower and stable energy prices help stimulate the economy. First, lower energy prices reduce expenses for consumers and businesses, increasing disposable income that can be spent in other ways. Second, lower energy prices reduce input costs for nearly all goods and services in the economy, thus making them more affordable.

When the Vision 2030 Energy Sector Plan was crafted, it was abundantly clear that Jamaica needed to reduce its dependence on imported petroleum, and create a modern, efficient, diversified and environmentally sustainable energy sector.

This need is even more pressing today given the uncertainties of the global oil market and its susceptibility to shocks.

It is therefore crucial that we do not lose sight of the need for a diversified energy sector, as reliance on any one form of energy, curtails our ability as a country to respond to external volatility.

Therefore, our energy plan must be strategic, dynamic and adaptable to the ever shifting scope of global energy demands.

Our Energy Sector Plan focuses on the creation of sector that:

- 1) provides affordable and accessible energy supplies with long-term energy security;

- 2) contributes to international competitiveness throughout the productive sectors of the economy;
- 3) AND improves the quality of life for citizens.
- 4)

This Sector Plan for Energy is one of the strategic priority areas for rebuilding and repositioning our economy and must have at its core, diversification!

According to my colleague Minister in charge of Energy, Dr. the Hon. Andrew Wheatley, last year, 10.5 per cent of net electricity generated was obtained from renewable energy.

The national goal is to have 30 per cent of our energy consumption from renewables by 2030.

What have we already accomplished?

We have already seen a quite a few projects providing diversified energy options.

- For 2016, we saw some 80 megawatts (MW) of generating capacity from renewable sources.
- There is Wigton Wind Farm which added 24 MW through their plant commissioned in June 2016. Blue Mountain Renewables added 36.6 MW of wind power and Content Solar completed construction and began supplying 20 MW of electricity to the grid.
- In addition, a licence was granted to Eight Rivers Energy Company to supply up to 37 MW of electricity from a solar photovoltaic plant it has in Westmoreland.

- You will also remember that the Jamaica Public Service invested some US\$36 million to add 7.2 MW of hydro-electricity to the grid through its Maggotty Hydroelectric Power Plant in St. Elizabeth.
- The new US\$175 million LNG terminal in Montego, St. James, has now positioned Jamaica as a major energy force in the Caribbean. It supplies LNG for the Jamaica Public Service Company (JPS) power 120 MW LNG plant in Bogue, St. James.
- We look forward to the completion of the long awaited 190-megawatt power plant in Old Harbour, St. Catherine which will also run on Natural Gas, being the second such power plant in Jamaica, following the Bogue plant in St. James. It is also the largest local investment ever in the energy sector at a cost of USD\$330-million, with most of the funds were raised locally. The plant will be able to generate more electricity than any other power plant in Jamaica and will add significantly to the energy diversification programme, helping to reduce the country's over-dependence on oil, and providing cleaner energy for Jamaica.
- We also congratulate Red Stripe, as the company is set to become the first commercial entity in Jamaica to be powered by LNG. LNG will be utilized to power Red Stripe's combined heat and power plant, boosting output by more than 50 per cent and reducing greenhouse gas emissions by approximately 6,000 tonnes per annum.

So, ladies and gentlemen, we are moving in the right direction but I want to encourage more companies to get on board the thrust of renewable energy solutions.

We must find and support cheaper, cleaner and more sustainable sources of energy. This will mean a reduction in fuel cost and ultimately improved production when companies are able to put this cost-saving back into their businesses.

Although we have made a sharp move to natural gas, we do not intend to move from one extreme to another where we find ourselves overly reliant on any single form of energy.

Impact on the Productive Sectors:

Energy is an essential input into all production processes. The cost of energy affects every sector- manufacturing; transportation; tourism; commerce; everything including our rate of inflation.

When our Micro, Small and Medium Sized (MSMEs) are faced with exorbitant energy costs, they cannot be competitive.

We talk a lot about import substitution. Well, this does not happen in a vacuum. A competitive environment must be supported by policies that give our producers a shot at being competitive.

Our growth target of 5% in 4 years hinges on producing our way out of slow growth. A key pillar in this target is our ability to diversify our energy sources and cut the cost of energy.

Thank You!