

LUCELEC Shareholders Approve Establishment of Subsidiary Company

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St. Lucia Electricity Services Limited (LUCELEC) has been granted approval by its shareholders to establish a subsidiary company. The decision came at the end of a Special Meeting of Shareholders held on Friday, May 9, 2014.

The subsidiary company will allow LUCELEC to explore new business opportunities separate from what it is currently engaged in which is the generation and sale of electricity. And while it will be wholly owned by LUCELEC, this new entity will be financially, legally and operationally separate from the regulated electricity company. This is to ensure good governance, business transparency and a clear separation of activities associated with electricity generation and sale from activities that the subsidiary company may be engaged in.

The new subsidiary company is part of LUCELEC's corporate diversification strategy aimed at increasing shareholder value. LUCELEC's Managing Director Trevor Louisy says diversification has been a fundamental part of LUCELEC's strategy for some time having evaluated the trends in the electricity business and the operating environment.

“Over the years we have seen reductions in electricity demand driven by energy efficiency and conservation, as well as the introduction of grid-tied renewable energy systems. That trend is going to continue. There have also been moves to amend the Electricity Supply Act (ESA) and LUCELEC's exclusive license. If we are to continue to generate value for our shareholders and ensure the viability of the company, we have to make adjustments and diversifying our revenue streams is one of those adjustments,” Louisy explained.

Shareholders who attended the meeting granted “limited discretion” to use LUCELEC's retained profits to invest in the subsidiary company.

The Special Meeting of Shareholders was held at the National Cultural Centre in Castries and preceded the Annual Meeting of Shareholders.

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