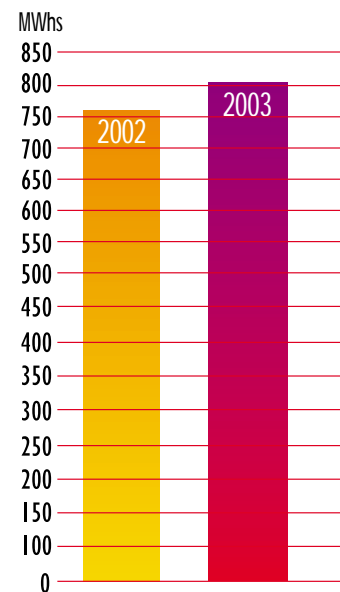




Report on Operations of
The Barbados Light & Power
Company Limited

2003

In general, the report of this year's activity for Light & Power is one of growth. Electricity usage continued to increase in 2003 particularly in the business sector. The Company's basic revenue grew in line with the increase in sales as the basic rates for electricity have remained unchanged from the levels set in 1983.

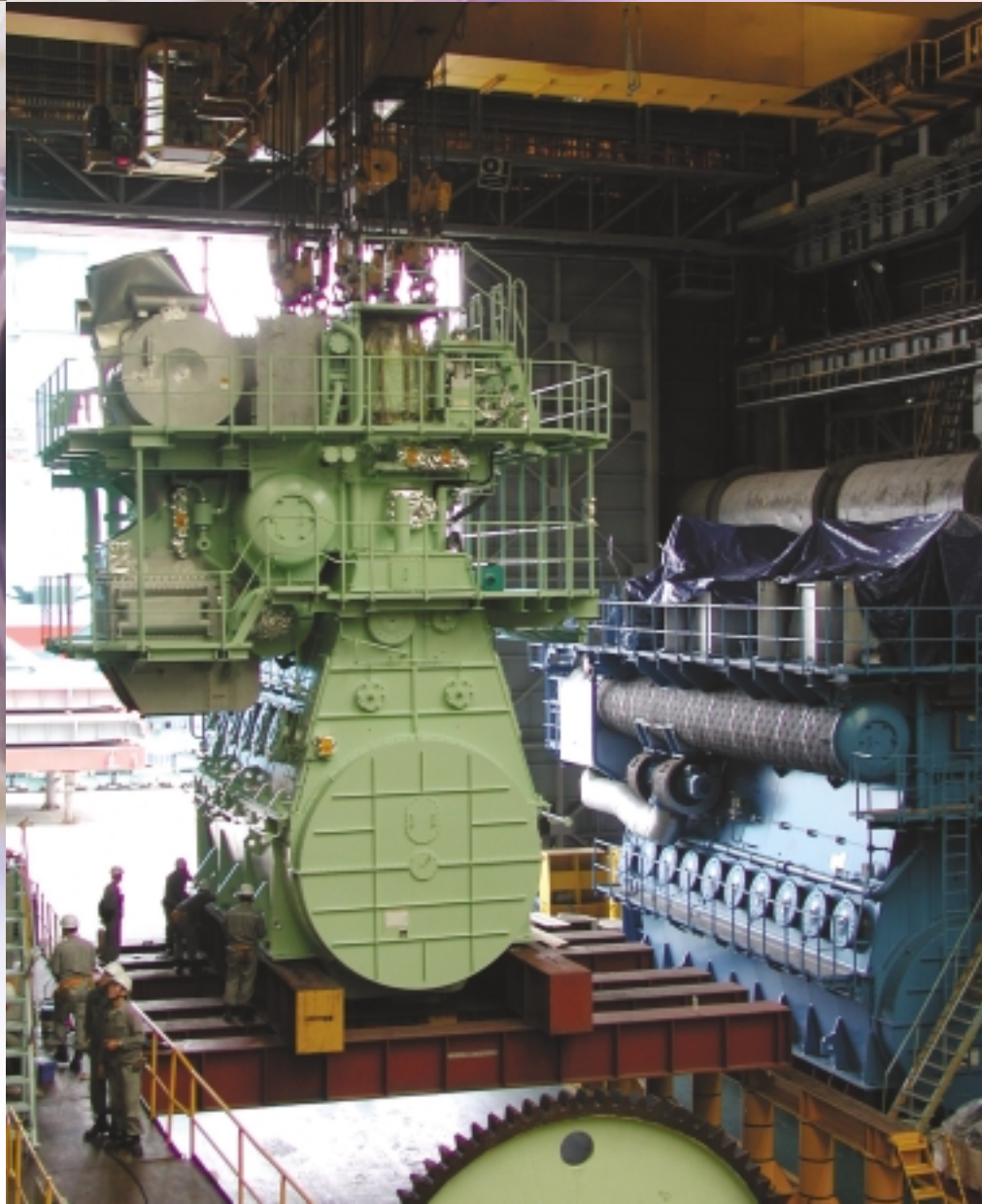


ELECTRICITY SALES

2003	805.9 MWhs
2002	763.9 MWhs
% GROWTH	5.5 %

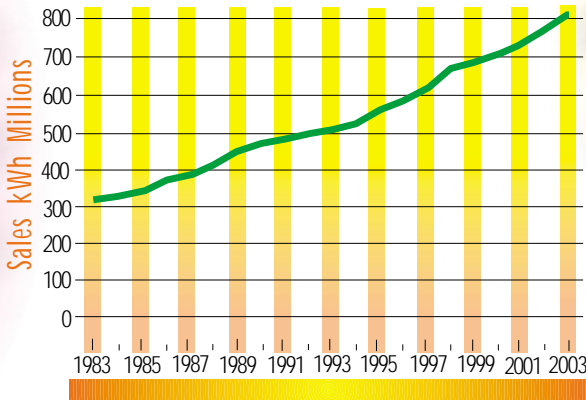


*Engine under construction
in Seoul, South Korea*



THE WIDER ECONOMY

The Barbados economy grew by an estimated 2.2% in 2003 with the key drivers being tourism, wholesale and retail activities. Tourism was projected to grow by 5% with an increase in the number of stay-over visitor arrivals expected to reverse the sector's contraction in 2002. Cruise passenger arrivals also increased in 2003.



ELECTRICITY SALES IN BARBADOS CONTINUE TO INCREASE AT A STEADY RATE

Government's fiscal position was anticipated to improve as a result of higher corporate revenues and a cutback in its capital works programme.

Overall, the number of employed persons was reported to have increased as a result of the expansion in the economy. In fact, growth in the labour force actually outstripped the number of new jobs created, causing the unemployment rate to rise to 11.6%, an increase of 1.5%. Estimates indicate that the manufacturing sector has suffered a further decline of about 1%.

EXPANDING TO MEET CUSTOMER GROWTH

Growth in the local economy and the increasing demand for electricity requires that our planners continually develop and review plans for additional plant and facilities to supply new loads. Replacement of older plant that has reached the end of its useful life also comes under their scrutiny.



Foundation preparation work for the new low speed diesel engines at Spring Garden Generating Station



Engine air outlet being fitted



Low speed diesel unit D15 being tested at the Hyundai plant in Ulsan, South Korea

Light & Power's largest capital project in progress is a new 2 x 30 megawatt low speed diesel generating plant to be installed at Spring Garden Generating Station. This plant, being supplied by Hyundai Heavy Industries of Korea under a turnkey contract, will cost some BDS \$ 120 million. The European Investment Bank with a loan of 30 million Euros is assisting with financing for the project.

The 60 megawatts of generating capacity added to the system will replace eight small diesels and a gas turbine that are scheduled to be retired, being all over 30 years old, and in addition will increase total capacity by 28 megawatts to keep up with the growing energy demands of Barbados. The engines are of MAN B&W design, similar to the existing low speed diesels at Spring Garden. Completion was originally scheduled for September 2004 but soil tests indicated that the load bearing capacity of the soil at the site was inadequate for the design loading of the equipment. Soil remediation work was required to improve the soil conditions. This has extended the project schedule into 2005.

Work is being carried out by ABB High Voltage Cables on an underground cable project between Central Substation at Haggatt Hall and Seawell Generating Station. Twin 69kV cable circuits are being installed. Initially the cables will be operated at 24kV but can be upgraded to 69kV as required in the future.

A new substation under construction at Warrens, St. Michael, is scheduled to be completed early in 2004. As a result, supply in the rapidly expanding Warrens Business Park area will be improved and strengthened.

Significant growth is taking place in the island particularly in the north where several residential developments have been planned. Electricity demand is expected to increase substantially in this part of the island where the electrical transmission and distribution system is not as extensive as in the central and southern parishes. The

Company therefore plans to build a substation at Upper Carlton, St. James and to install underground transmission cables from Warrens to North Substation, St. Peter via St. Thomas and Carlton Substations.

Demand for increased supply of electricity is also significant along the tourism belt of the west and south coasts. Construction of the new Hilton Hotel at Needham's Point is progressing rapidly. Meanwhile, plans for tourism development on the old Mobil refinery site adjacent to the Hilton are being discussed. Installation of a new underground cable circuit is planned for 2004 from Regency Park substation to Garrison in order to increase the capacity and improve reliability of supply to these projects in the Needhams Point development area.

Other south coast properties like Amaryllis (formerly Asta) and Barbados Pavilion have undergone major renovation work and have re-joined the tourism plant. Blythwood and Cacrabank have expanded their facilities and are expected to re-open early in 2004.

SCADA UPGRADE

A critical tool used by the Company to monitor and control the electrical grid system is the Supervisory Control and Data Acquisition System (SCADA). Initially installed in 1985, SCADA immediately became indispensable, providing information on loads and power flows throughout the system and enabling operators in the control room at Garrison to open and close switches to maintain service or restore supply following an outage. A new SCADA system is being installed by Advanced Control Systems of the USA and at year-end was undergoing commissioning tests prior to take-over.



The Barbados Light & Power crew assembled to assist in the repair work on Bermuda's distribution system damaged by Hurricane Fabian

*Left to right:
Roger Alleyne,
Ronald Stanford,
Victor Callendar,
Stephen Daniel, Dave Lynton,
Carlos Cumberbatch,
On the truck L-R:
Ryan Chase, Ralston Gittens
David Slocombe*



Light & Power employees in Korea for training and to monitor engine tests

*From left to right:
Brian McCartney,
Wendell Holder, Wayne Prescod,
David Banfield, Wayne Yearwood,
Arthur Lewis and Albert St. John*

PURSUIING ENERGY ALTERNATIVES

Wind power is the fastest growing type of generating plant worldwide. As a renewable resource it is especially attractive to utilities dependent on fossil fuels. As the technology has matured over the past decade, the cost of electricity from wind farms has been reduced significantly. Light & Power is working on a feasibility study for a 10,000 kilowatt wind farm in St. Lucy. Preliminary results look positive, subject to availability of a suitable site. Legislative approval is being awaited on Government's proposed changes to the National Physical Development Plan, that include for the designation of four sites for wind power development.

DEVELOPMENTS & CHALLENGES

In February 2003 one of the 20,000 kilowatt gas turbines at Seawell Generating Station suffered a major breakdown. The manufacturer responded to this emergency promptly and efficiently and within two months the gas turbine had been dismantled, rebuilt and was restored to service. An insurance claim was filed under the machinery breakdown policy and is being processed.

Our head office site at Garrison Hill is adjacent to the site formerly occupied by the Mobil refinery that is now part of Government's Needham's Point development. Oil leaks have contaminated the soil of both sites over the many years of operation of the refinery and Light & Power's generating plant. Cleaning up of the refinery site is being undertaken but the presence of generating plant still in service makes it impossible for a similar exercise to be carried out on the Company's site at this time. It has been recommended that a sub-surface barrier wall be erected between the sites to prevent possible migration of oil and that a programme of pumping off free product from a series of wells on the generating plant site be intensified. Final remediation will be undertaken after all generating plant on the site has been retired and removed.

ADDRESSING HUMAN RESOURCES

The Company continued to provide for the upgrading of employee skills as well as to assist in their personal development. To achieve this, training courses were targeted to job requirements and financial assistance provided for approved courses of study identified by employees themselves.

The collective agreement regarding employees in the Administrative Support Group between the Company and the Barbados Workers' Union expired on December 31, 2002. After some delay, negotiations on a new agreement were concluded mid-year. This covers a three year period from January 1, 2003 to January 1, 2006 with increases of 3%, 2.5% and 2% over the three years.

The level of cover under the staff medical insurance plan was inadequate for persons with serious medical conditions in today's world. In addition, premiums had been escalating dramatically and the Company's brokers recommended that a new plan be investigated. Such a plan has been introduced with an enhanced major medical limit and a co-insurance deductible for plan members.

An internal Information Systems team, assisted by PeopleSoft representatives, upgraded the Human Resources Payroll module to the latest version. At year-end, work was in progress on similar upgrades of the PeopleSoft financial modules and the Maximo work management package. Software suppliers are continually modifying their products and issuing new versions. These upgrades were carried out in response to suppliers' advising that they will no longer support the older versions.

During the year an activity-based costing system was introduced to provide accurate and timely information to management on key indicators and processes. The existing systems held extensive databases with a wealth of information but were unwieldy and time consuming to interrogate. The new system uses and presents this data in a user-friendly manner to assist staff to monitor and control activities, thereby improving productivity.

HELPING A NEIGHBOUR

Bermuda suffered a direct hit by Hurricane Fabian, in 2003, and requested assistance from The Caribbean Electric Utility Services Corporation (Carilec) to restore their distribution system. A Light & Power team of seven linemen, a supervisor and an engineer joined colleagues from the Bahamas, Belize, Cayman Islands, Dominica and Jamaica in the repair work. The management of the Bermuda Electric Company praised our team whose performance did themselves, the Company and Barbados proud.

NEW CUSTOMER SERVICE THRUST

Customers continue to have higher expectations of their level of electricity service particularly in the competitive business environment being fostered by globalization. Increasingly they are looking to the utility to advise and assist them in achieving maximum value from their use of electricity. As a result, the Company has introduced a Marketing and Corporate Communications function designed to address

this need as well as to enhance relationships with customers as well as the wider community. A Manager in Marketing and Corporate Communications has been appointed to manage the Company's internal and external communication portfolio and to develop a team of key account representatives and communications personnel who will work more closely with business customers.

POSITIVE CUSTOMER RESPONSE

Recent surveys indicate that the public recognize the Company's employees' continued efforts to serve customers better. In the independent Corporate Image Survey, Light & Power was rated highest among Barbadian companies in four categories: as an excellent company in Barbados, an efficient company, a very reliable company and a company with courteous staff. The Company received high ratings in the majority of the other categories surveyed. Results of the Customer Satisfaction Survey carried out by Company representatives support the independent findings.

APPRECIATION

We thank our employees for their dedication and commitment to providing a high quality of service to our customers.



Andrew A. Gittens
Managing Director
The Barbados Light & Power Company Limited

