Ministerial Statement

By

The Hon. Walter H. Roban, JP, MP

Minister of Home Affairs

20th September 2024

Tabling of Amendments to the Electricity Act 2016 to Create a Bulk Generation Sole Use Installation (BGSUI) Licence

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Mr. Speaker, today I am tabling the Bill entitled the ***Electricity Amendment Act 2024***; legislation that will create a licence for large developments to generate electricity above the current licence threshold of five hundred kilowatts (500kw).

Mr. Speaker, this Bill strikes a balance between the needs of the licence holder (also known as a distributed generator), and the stability of the grid while minimizing any negative impacts, including cost, to the rate payer.

Mr. Speaker, licences are currently required for all production of electricity over the threshold of five hundred kilowatts (500 kw). The licences currently available in the Electricity Act 2016 for the production of electricity are: (1) the Bulk Generation Licence and (2) the Large-Scale Self Supply Licence. For clarity, the

Large-Scale Self Supply Licence is issued to any development that is over five hundred kilowatts 500 kw and would be completely off the grid, that is, would not have a BELCO meter. Bulk Generation Licence holders must enter into a Power Purchase Agreement (PPA) with BELCO to sell **all** their generated electricity back to BELCO at a current rate of between approximately twelve (12) cents per kw for the solar array at the Finger to eighteen point five (18.5) cents per kw for Tynes Bay. Currently rate payers are buying electricity from BELCO at in excess of forty five (45) cents per kw.

Mr. Speaker, you will be aware of the Government's commitment to reduce the use of fossil fuels by eighty five percent (85%) in the production of electricity by 2035 which is reflected in the 2019 Integrated Resource Plan (IRP). One of the categories of renewable energy defined in the IRP is distributed solar, i.e., solar developments installed by individual residential and commercial entities. Promoting distributed solar development while restricting installations to five hundred kilowatts (500kw) for large commercial enterprises is an anathema to the goals of reduction in the use of fossil fuel to produce electricity, and also limits the ability of a distributed generator to earn a return on their investment. In the present scenario, developers of large-scale installations cannot use for their own benefit the renewable energy that they produce and are required by the Act to sell their renewable energy to BELCO for only approximately twelve (12) cents per kw. They must continue to buy **all** their consumed electricity from the Utility at in excess of forty five (45) cents per kw.

Mr. Speaker, currently large developments, such as the National Stadium, and Government rooftop installations, fall into this category. Other potential developments such as hotels and Google's proposed data centre would encounter the same challenge.

Mr. Speaker, while large installations should be encouraged, it would be foolhardy to just provide exemptions from the five hundred kilowatts (500 kw) without considering the impact on the grid and the cost to the rate payer. There are risks that would occur with such developments that are still connected to the grid. If not managed effectively, there could be power disruptions affecting the development and the neighbourhoods adjacent to the large development. In addition, the savings derived from the Feed-in-Tariff for such a development could lead to the costs being assumed by rate payers. Therefore, the Regulatory Authority (RA) must determine before the installation is built that the development will have minimal impact on the grid and rate payers.

Mr. Speaker, This Bill will allow a Bermuda registered company, Government department or statutory authority, intending to install over the threshold of five hundred kilowatts (500kw) and intended solely for use at the applicant's location, to apply for a licence to be exempt from the five hundred kilowatts threshold. This license will be subject to the RA's oversight which seeks to ensure minimal risk to the grid, and that the grid and costs remains stable. The licence holder will be permitted to distribute up to the permitted amount, thirty percent (30%) or less, as determined by the RA, of its total electricity generated.

Mr. Speaker, it is our goal to move Bermuda to a clean and sustainable energy future, with affordable and renewable energy. This Bill will assist us in continuing to achieve that goal in a measured and well-regulated fashion. I look forward to the debate of the Bill when I can go into more detail on the specific merits of this Bill.

Thank you, **Mr. Speaker**