



Government of Bermuda
Ministry of Economic Development

Ministerial Statement
To the House of Assembly
By
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Electricity Sector Policy
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Mr. Speaker, earlier today, I tabled the Ministry of Economic Development's new National Electricity Sector Policy for Bermuda. This Policy comes after many months of research, analysis and consultation, led by the Department of Energy, with assistance from the Ministry's energy and legislative consultants and the Bermuda Energy Working Group. The principal Policy objective is to facilitate a high-quality, secure, affordable and environmentally sustainable electricity service for Bermuda at the lowest possible cost, through the creation of a new energy regulatory framework.

Mr. Speaker, Honourable Members will be aware that continuing developments in renewable energy, energy efficiency, and conventional energy generation give Bermuda the opportunity to significantly change how it sources and uses energy. However, the current regulatory framework was developed during a time when the utility was the only power producer and liquid fossil fuels were the only viable option. The current framework lacks the flexibility to properly integrate new technologies and energy sources. Developing and implementing these energy options requires a new framework of policy, legislation, and regulation.

Mr. Speaker, the path to create this Electricity Policy included the successful Energy Summit that was held last November. This Summit was followed by three consultation workshops for stakeholders and the public organized during the early part of this year by the Department of Energy. The new Policy also builds upon earlier work from the Energy Green Paper in 2009 and the Energy White Paper in 2011.

Mr. Speaker, this new Policy is a key step in changing how Bermuda sources and uses electricity as a consequence of continuing developments in renewable energy, energy efficiency, and conventional energy technologies. In the last few years, for example, Bermuda has seen an increasing adoption of solar energy by homes and businesses. Solar and other electricity generating technologies are now available on a larger scale and afford Independent Power Producers (IPPs) the opportunity to compete with the electric utility. Energy efficient lights and new building energy conservation measures are being more widely implemented and provide significant payback to those who install them. Liquefied Natural Gas (LNG) potentially offers a relatively cheaper and environmentally cleaner option even for smaller markets like ours.

Mr. Speaker, there are several ways in which this new Electricity Policy responds to these new opportunities including:

- Creating a new Electricity Act, which transfers regulatory responsibility from the Ministry and the Energy Commission to the Regulatory Authority of Bermuda.
- Enabling independent power producers, home owners and commercial entities to produce and sell excess solar-generated electricity to the Utility under technical standards and power purchase agreements that have been approved by the Regulatory Authority.
- Presenting a vision of what the electricity sector could look like using illustrative targets over the next 20 years for supply and demand side options.
- Granting the Utility the right to have exclusive responsibility for the provision of transmission, distribution and retail services, and in return, being subject to more

rigorous regulatory oversight by the Regulatory Authority. This policy position has been adopted for economic and regulatory efficiency, driven by the small size of our electricity sector.

- Ensuring that the benefits of introducing new technologies are equitably shared amongst consumers, the electric Utility, independent power producers, and the Government.
- Establishing a transparent and competitive process for approving new investments, in which the Utility will be responsible for creating periodic draft Integrated Resource Plans (IRPs) that will include resource and procurement proposals for the bulk generation of electricity. These draft Plans will be available for public input, as well as challenge, and be subject to adjudication and final approval by the Authority.
- Confirming Government's support for more efficient use of electricity and energy resources.

Mr. Speaker, the Electricity Policy is designed for the future, not only is it technology neutral; but it is also flexible enough to cater for the continued evolution of electricity generation technologies. We must however be realistic in our expectations, for as a small, isolated island with no primary energy resources that can provide continuous electricity, we will, for the foreseeable future, face the continuing challenge of importing fuels. We can however, be comforted by the fact that Bermuda will have a world-class energy regulatory regime that will ensure our residents receive optimal value for every dollar invested in the production of electricity.

Mr. Speaker, with the release of this Policy, the next steps are to draft the new legislation required to implement it; and to define the licensing framework needed to facilitate the entry into the generation market by both small and large scale independent power producers. These activities are well under way and it is my hope that we will be

able to table a draft of the proposed legislation in this Honourable House prior to end of this Parliamentary session.

Mr. Speaker, in addition to completing this phase of energy reform, the Department of Energy is also working on other related initiatives, which include the viability of introducing LNG for power generation in Bermuda, a review of the customs tariffs for various energy fuels, and, together with the Ministries of Public Works and Tourism Development and Transport, the initiation of a competitive procurement process for the implementation of a large-scale solar generating facility on the "Finger" at the airport.

Finally Mr. Speaker, I would like to express my gratitude to the staff in the Department of Energy and the team from Castalia of Washington, DC and Legislative Drafting Services of St. Lucia for their assistance in developing this Policy. I would also like to thank the members of the Bermuda Energy Working Group and those other stakeholders and members of the public that contributed their time, effort and input to the development of this National Electricity Sector Policy.

Thank you, Mr. Speaker.