



*Government of Bermuda*

Ministry of Economic Development

**Ministerial Statement**

To the House of Assembly

By

**Dr the Hon. E Grant Gibbons, JP, MP**

Minister of Economic Development

**Selection of Energy Policy and Development Consultants**

Date: Friday, 12<sup>th</sup> December, 2014

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**Mr. Speaker**, I rise this morning to fulfil a commitment I made in a previous Statement to this Honourable House. I wish to take this opportunity to elaborate on the selection of a policy and legislative development consultant who will assist the Department of Energy and the Attorney General's Chambers in the creation of a new energy regulatory regime for Bermuda.

**Mr. Speaker**, the 2011 Energy White Paper was aspirational in many of its statements; but two elements that must be recognized as necessities are the need to reform the regulation of energy, and the creation of effective policies. The main goals that the Department is seeking to achieve are the transfer of the responsibility for regulating Energy to the Regulator Authority; an increase in the level of competition between power producers through the liberalization of the power grid; and the development of a fair and transparent licensing regime. Given that the framing of legislation and regulation is dependent on the development of robust policies, there is also the need to engage specialist consultants who can assist with both of these activities.

**Mr. Speaker**, in consultation with the Attorney General's Chambers, the Department of Energy issued an open tender on July 30th of this year, which invited proposals for a policy and legislative development consultant. The tender process sought 'full service' proposals from firms that could assist with the development of policies for the energy industry and also to work with the Attorney General's Chambers to

draft the requisite legislation. The deadline for this phase of the process was August 30th, which resulted in the receipt of a total of five submissions - all from overseas companies.

**Mr. Speaker**, one Bermudian firm had expressed an interest in tendering; but ultimately declined to submit a bid.

**Mr. Speaker**, in keeping with best-practice, the tenders were evaluated by a selection committee comprised of staff from the Department of Energy, the Senior Legal Counsel from the Department of Telecommunications, and a Contracts and Compliance Manager from the Office of Project Management and Procurement. The bids were generally of such a high quality, that out of the original five, four were short listed. The four short-listed bidders were subsequently asked to make video conference presentations to the Selection Committee, after which the field was narrowed to two.

The two finalists were then invited to participate in additional teleconferences, after which the Selection Committee concluded their deliberations and recommended that the Castalia Limited team be chosen as the successful bidder. The Castalia team was selected because of their responsiveness to the Request-for-Proposal, their expertise and experience, and estimated price.

**Mr. Speaker**, Castalia is a multi-national firm, with offices in Washington, D.C.; New York; Paris; Sydney; Wellington, New Zealand; and Bogota, Colombia. Castalia is a specialized policy and economic consulting firm, with extensive experience in the Caribbean. They are partnering with legislative consultants, Legal and Drafting Services, Ltd ("LDS"), who they have worked with on numerous occasions and have together developed energy policy and legislation in the Cayman Islands, Turks and Caicos, and Dominica. LDS is based in St. Lucia with associates in Toronto. LDS is a specialist in legislative drafting, and has provided services to the European Union, the Inter-American Development Bank, Dominica, St. Lucia, and Montserrat, among others.

**Mr. Speaker**, Castalia has been engaged by large multinational organizations including the UK based, Industrial Development Advisory Board (IDAB) and the World Bank, and has extensive regional experience. This experience includes having written the Cayman Islands' National Energy Plan and provided guidance for its implementation, drafted policy and regulatory reform for the Turks and Caicos, and provided policy and legal frameworks for renewable and alternate energy in Dominica. Castalia has advised approximately fifteen nations in the Caribbean on energy policy, and has broad experience in energy policy consulting for small island states in the Pacific and also in Africa. In their submission, Castalia clearly demonstrated the ability to provide best practices, and to apply and adapt 'big world' solutions to small jurisdictions.

**Mr. Speaker**, the scope of work for the proposed contract with Castalia will cover four main areas, they are:

- To advise and guide the development of energy policies for Bermuda;
- To help develop a national energy strategy that will define resources and set an implementation plan,
- To help draft a new Energy Act, amendments to the Regulatory Authority Act 2011 and the initial set of Regulations that may be required; and
- To develop standard licenses for power producers.

**Mr. Speaker**, the Department of Energy, with Castalia as invited guests, has already begun this initiative using the well-received Energy Summit held on November 13<sup>th</sup> as the formal project kick-off. The process will continue with additional workshops which will form part of the formal public consultation process. This will ensure that key stakeholders are consulted early in the process and also become an integral part of the reform of the energy sector, in an open, inclusive, and collaborative fashion.

**Mr. Speaker**, The Department of Energy, with input from Castalia, is currently developing a detailed project plan. This plan, in addition to the Statement-of-Work, will form an integral part of the Contract with Castalia. Mr. Speaker I can share with this Honourable House a preliminary view of this plan to provide Honourable Members with an indication of when I anticipate bringing the new legislation forward for consideration:

- The Department will sign the Contract and complete the project planning activities with Castalia prior to the end of December.
- The team will then initiate stakeholder and public policy development consultations between the early part of January and the middle of March; after which,
- It would be my intent to issue the formal energy legislative policy document around the end of March.
- Mr. Speaker once this policy document has been published, drafting of the legislation will take place in earnest, which I anticipate will be complete by the middle of May.
- At this point, I will ask the team to share the draft Bills with both the stakeholders and the wider community to solicit further public input.

- Mr. Speaker after this final consultation, I would therefore anticipate being able to table the energy regulatory reform Bills before this Honourable House during the middle of June so that this legislation could come into effect in the latter part of 2015.

**Mr. Speaker**, the Department of Energy will publish the project milestones; but it is worth noting that their ability to meet these deadlines will be dependent upon the timely responses that will be solicited from the key stakeholders. Also, while the final cost estimates will not be available until after the contract is signed, it is anticipated that the contract cost, less expenses, will be in the region of \$450,000.

**Mr. Speaker**, the Department of Energy and the Ministry of Education and Economic Development are looking forward to a successful working relationship with the Castalia team and the development of a new energy regulatory regime for Bermuda.

Thank you, **Mr. Speaker**.

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