



Ministerial Statement

By

The Hon. Walter H. Roban, JP, MP

Minister of Home Affairs

20th May 2022

Tabling of Amendments to the Electricity Act 2016 to Create a Regulatory ‘Sandbox’

Mr. Speaker, today I am tabling the Bill entitled the *Electricity Amendment Act 2022*; legislation that will create a regulatory ‘sandbox’ for energy innovators.

Mr. Speaker, ‘sandbox’ is a term normally used world-wide, usually in reference to financial legislation that provides a temporary legal framework for companies to test innovative financial products. We are using the term of ‘sandbox’ to describe the amendments introduced to allow innovators in the energy sector both the physical and legislative space to carry out their development and testing of technologies that could prove useful not just to Bermuda but also for the rest of the world, while ensuring that we do not risk the stability of our grid.

Mr. Speaker, this Bill is ground-breaking for Bermuda because it changes direction on previous positions of prohibiting innovators and provides opportunities for both local entrepreneurs and foreign innovators who could be attracted to do business in this sector in Bermuda. This is a ‘first’ not only for Bermuda, but also for the region.

Circumstances, such as the out-of-control rising costs of fuel, have made these efforts even more pressing and require us to change our legislative model to attract transformative and pioneering enterprises. Energy forms the backbone support to all other industries, and itself is a sector ripe for development in our environment, particularly as we aspire to the fulfilment of the goals of the Integrated Resource Plan.

Mr. Speaker, currently the Electricity Act 2016 only allows consideration of licences to persons who can demonstrate “*how it uses technology that is in commercial operation in another jurisdiction.*” In other words, the Act explicitly excludes innovators, and at the time for good reason. In no way should Bermuda ever risk the stability of its grid, which is rated as one of the best in the Caribbean region

Mr. Speaker, you will be aware that there are developers, including BELCO, that have been seeking to develop innovative solutions for electricity generation. Because of our limited land mass, many of these solutions will have to be developed offshore in our oceans. Those solutions range from floating solar photovoltaic installations, floating offshore wind, and ocean wave technologies. Any of those innovations could be ‘game changers’ for the future of electricity generation in Bermuda if proven to be not only operationally feasible but economically viable. These new initiatives will also attract investment and have the potential to create jobs

Mr. Speaker, the need for these amendments cannot be overly emphasised. The current prohibition diminishes the ability for Bermuda to meet its renewable energy goals through the innovative application of promising technologies, which could in turn have the long-term effect of delaying Bermuda’s transition to a lower-carbon

energy future, which ultimately diminishes our resiliency in the face of climate change.

Mr. Speaker, I must emphasize that this Bill, though providing a test bed for new technologies, will require that rigorous criteria will still have to be met by any newcomers. This is most assuredly not an open door through which any developer can walk. All the normal requirements that are in place for developers of more tried and true technologies will still apply. The requirement for an environmental impact analysis is also included in this Bill. Innovators will have to be scrutinized to ensure their credibility as investors and will have to meet a series of requirements before being allowed to connect to the grid, and provided those requirements are met, they will have the opportunity to test their technology in Bermuda.

Mr. Speaker, the intention of these proposed amendments is also to make the Regulator the central and primary point of contact, which will set Bermuda apart from other jurisdictions that lack a clear and easily navigated path from inception to implementation. The Regulatory Authority will have the ability to impose conditions on the license, such as end-of-life provisions that will require the innovative developer to remove and dispose of their equipment if their explorations prove the technology inappropriate for use in Bermuda.

Mr. Speaker, the goal is to achieve a favourable outcome; if the technology does prove to be successful, this legislation will provide an avenue for the innovation to be included as part of Bermuda's energy mix and allow the TD&R provider to purchase energy produced as a result of the innovator's testing.

Mr. Speaker, these amendments serve not only the purposes of encouraging better energy solutions for Bermuda, but they also encourage much-needed inward investment to Bermuda. This Bill, foreshadowed in our announcements late last year, will ensure that innovators have a clear and understandable pathway to researching

and developing solutions that could be game changers for Bermuda and for the world, with a rigorous process that lends investors' confidence while minimizing risks to Bermuda's environment and our grid.

Mr. Speaker, the Government of Bermuda will continue to work with the Regulator, in particular, and the energy sector on modernising our regulatory framework with a view to making sure that Bermuda has an energy infrastructure that is ready for the future as it rapidly evolves.

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 achieving that goal in a measured and well-regulated fashion, increasing investor confidence, and protecting our environment, our economy and, most importantly, our people. I look forward to the debate of the Bill when I can go into more detail on the merits of this Bill.

Thank you, **Mr. Speaker**.