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Utility Regulation and Competition Office

## **PRESS RELEASE FROM THE UTILITY REGULATION AND COMPETITION OFFICE (OFREG)**

### **REGULATORY FUNCTIONS STRENGTHENED BY OFREG PROPOSALS FOR NEW ACCOUNTING RULES**

GRAND CAYMAN, CAYMAN ISLANDS: 26 September 2019

OfReg ('the Office') is consulting on proposed new Regulatory Accounting Rules for the electricity sector which will protect consumers by greatly strengthening the capacity of the regulator to detect abuses of market power and unfair pricing.

The consultation document - [Consultation Document – E&U – 3](#) – was published on 20 September 2019 and provides members of the public and other interested parties the opportunity to submit written responses on the proposed Rules.

Currently the Office does not require licensees to prepare separate accounts for each licensed business unit – which should also be separate from any unregulated business. This separation would also include separation from parent companies.

Under the proposed reporting rules, electricity sector licensees will have to prepare and submit regulatory accounts (alongside other reporting obligations). Regulatory accounts have a proven track record and are a ubiquitous tool used globally by regulators to address concerns about potential abuses of dominant positions and market power, as well as pricing of products and services.

In addition, these rules will promote competition amongst electricity generators, achieve greater transparency around pricing and increase confidence in the competitive process.

Gregg Anderson, Executive Director for Energy and Utilities, said “The Office requires this accounts separation as it assists with regulating retail tariffs in addition to assessing the economic profitability and operational performance of licensees. The financial reporting instructions also require several disclosures for greater transparency regarding licensees’ operations. Providing separated accounts also helps the Office to fulfill its core functions, including protection of the interests of consumers with regards to the affordability of electricity, promotion of economic and operational efficiency and sustainability in the generation, transmission, distribution and sale of electricity and promotion of competition especially in the generation market.”

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The Office is seeking feedback from members of the public, businesses in the electricity sector and any other interested parties.

A full copy of the consultation document can be found at the following link:

<https://www.ofreg.ky/upimages/commonfiles/1569020710RegulatoryAccountingRules.pdf>

Submissions should be made in writing and must be received by the Office by 5pm on Thursday 31 October 2019.