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Utility Regulation and Competition Office

PRESS RELEASE FROM THE UTILITY REGULATION AND COMPETITION OFFICE OF THE CAYMAN ISLANDS

CAYMAN ISLANDS FUEL MARKET ASSESSMENT COMMENCES

Grand Cayman, Cayman Islands, 8 October 2019

The winning bidder of the formal Request for Proposal to perform the economic and competition assessment of the fuels markets across the Cayman Islands has commenced work. The Principal Consultants from **Economics Partners Limited**, a Hong Kong based firm with global regulatory and economics expertise, arrived in the Cayman Islands and has been meeting with stakeholders to carry out the 'market diagnostics' stage of the assessment.

Economics Partners Limited were selected last month by OfReg following an open competitive bid process by the Central Procurement Office to perform the assessment of the fuels market across the Cayman Islands, and the assessment is expected to be completed within six months.

The Fuel Market Definition and Economic and Regulatory Assessment will deliver the following:

- A definition of the fuels market in the Cayman Islands which will identify the products that fall within the relevant markets in the sector, and the way those markets behave;
- An assessment of the market(s) in the Cayman Islands. This will include analysis of the impact of the supply chain, logistics and infrastructure on the proper functioning of the market, with a view to understand the extent and the effectiveness of competition in the market(s);
- Recommendations to address issues identified at the assessment phase of the project, which will be designed to enhance competition in the sector. Recommendations will be made following a consultation process with stakeholders, including fuels providers, business users, the public and government.

An assessment of the state of competition was identified as a pre-condition for OfReg to fulfill its mandate of effectively regulating the fuel sector. Effective regulations designed to enhance performance ensures competition, transparency, efficiency and innovation in the fuels market(s).

Mr Duke Munroe, Executive Director of Fuels at OfReg, said: *"I am pleased to announce to the public that the necessary foundation work that will allow the Office to effectively regulate the fuels*

market(s) across the Cayman Islands is underway. We fully understand the public's concern about the price of fuel at the pumps, and this assessment will allow us to establish the framework to balance the dynamics of the various factors that influence the fuel market and ultimately, prices at the pump. It will further allow us to identify the appropriate regulatory remedies and intervention measures needed to fix market failures where they exist.”

The fuels sector emerged into the full ‘economic’ regulatory space in the Cayman Islands at the time OfReg was formed. Prior to this, while safety and compliance regulations existed, there was limited regulatory oversight carried out by the former Petroleum Inspectorate, in respect of competition in the market(s). This assessment therefore represents the first major step towards appropriate and effective regulation of the economic aspects of the fuels market(s).

OfReg invited bids locally and internationally, which were judged against criteria relating to the quality of the methodology proposed, the expertise, experience and achievements of the bidder, price and timeframe. The team of professionals at **Economics Partners**, has very considerable experience in performing market studies of this kind across the world, including in jurisdictions similar to the Cayman Islands.

ENDS.

If you would like to discuss this further, please contact:

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NOTES TO EDITORS:

In 2017 the Minister for Planning, Lands, Agriculture, Housing and Infrastructure issued a statement on The Fuels Market Regulation Bill, which laid the legislative foundations for this assessment by providing the framework for the regulator to properly monitor the markets and take action to secure fair competition.

OfReg (the Utility Regulation and Competition Office) is the independent regulator for the electricity, information and communications technology, water, wastewater and fuels sectors in the Cayman Islands. OfReg also regulates the use of electromagnetic spectrum and manages the .ky internet domain.



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