

2021 Annual Plan



UTILITY REGULATION AND COMPETITION OFFICE

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ABBREVIATIONS AND ACRONYMS

CIRT	Cyber Incident Response Team, Cayman Islands
CNG	Compressed Natural Gas
CNI	Critical National Infrastructure
CPI	Commerce, Planning and Infrastructure
CUC	Caribbean Utilities Company
CWC	Cayman Water Company
DER	Distributed Energy Resource
DNSSEC	Domain Name System Security Extensions
DOE	Department of Environment
DS Law	Dangerous Substances Law (as revised)
EIA	Environmental Impact Assessment
ENS	Emergency Notification System
ERA	Electricity Regulatory Authority
EAS	Emergency Alert System
EPC	Energy Policy Council
ESR Law	Electricity Sector Regulation Law (as revised)
FMR Law	Fuels Market Regulation Law
GHG	Greenhouse gas
ICT	Information and Communications Technology
ICTA	Information and Communications Technology Authority
ICT Law	Information and Communications Technology Law (as revised)
IRP	Integrated Resources Plan
ISP	Internet Service Provider
ITU	International Telecommunication Union
IXP	Internet Exchange Point
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MW	Mega Watt
NEP	National Energy Policy
NRA	National Roads Authority
OAG	Office of the Auditor General
OFREG	Utility Regulation and Competition Office
PAL	Public Authorities Law (as revised)
PI	Petroleum Inspectorate
PV	Photovoltaic
RE	Renewable Energy
RFP	Request for Proposal
SME	Subject Matter Expert
TOR	Terms of Reference
URC Law	Utility Regulation and Competition Law (as revised)
WAC	Water Authority-Company
WSR Law	Water Sector Regulation Law (as revised)

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A. Introduction

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

The Office operates under the brand name '*OfReg*' and seeks to be predictable, to promote the objectives of government policies; promote effective and fair competition where appropriate and feasible; protect the short- and long-term interests of consumers in relation to utility services; balance the interests of all stakeholders and champion sustainability and innovation across markets; and to contribute to the economic and social goals of the Cayman Islands.

The Office's Vision is: "*Fair Regulation 4 Consumers & Industry.*"

The Office's Vision Statement:

To be a leader in regulatory excellence, demonstrating our commitment to the public, to the companies we regulate, and our colleagues by building an environment of mutual respect, professionalism, and diversity, while promoting competition and innovation.

The Office's Mission Statement:

Regulating to ensure safe, reliable and sustainable delivery of utility services, while facilitating competition, innovation and economic development, for the people of the Cayman Islands.

The Office's Core Values are:

1. Integrity
2. Fairness
3. Effectiveness
4. Transparency
5. Professionalism

The Office was established as a multi-sector regulator by section 4(1) of the Utility Regulation and Competition Law (as revised) (the '*URC Law*'). The Public Authorities Law (as revised) ("*PAL*"), which came into force on 1 June 2017 via a Cabinet Order¹, regulates the management and governance of the Office. The Office derives its authority and functions in the various sectors through a variety of Laws, the principal ones being the Electricity Sector Regulation Law (2019 Revision) (the '*ESR Law*'), the Information and Communication Technology Law (2019 Revision) (the '*ICT Law*'), the Dangerous Substances Law (2017 Revision)

¹ See The Public Authorities Law, 2017 (Commencement) Order, 2017.

(the 'DS Law'), the Fuels Sector Regulation Law 2017 (the 'FSR Law') and the Water Sector Regulation Law (as revised) (the 'WSR Law'), as these may be amended from time to time (together, the 'Sectoral Laws').

To promote transparency and accountability, Part 6 of the URC Law sets out the Office's statutory obligations for reporting performance.

Section 41(1) of the URC Law requires the Office to publish an Annual Plan that meets the following requirements:

(1) No later than one month before the end of each financial year, the Office shall prepare and publish —

- (a) a plan of its proposed objectives for the forthcoming year; and*
- (b) a report of the carrying out of its functions during that financial year; and*
- (c) its approved budget for the forthcoming year.*

(2) The annual plan shall —

- (a) set out the Office's strategy for the forthcoming financial year to meet the objectives set out in any sectoral legislation;*
- (b) set out the broad priorities of the Office for the two years following the forthcoming year provided that these may require adjustments in light of any sectoral policy published by the Government in any sectoral utility under the terms of any sectoral legislation;*
- (c) include a series of key performance indicators against which it shall measure its performance during the forthcoming year;*
- (d) include the level of remuneration to be received by non-executive and executive members for the forthcoming year; and*
- (e) set out the Office's budget based upon its target activities for the forthcoming year.*

Strategic Plan

The Office's Strategic Plan 2018 – 2022, published on 17 November was designed to guide the Office's short and medium-term focus in each of the sectors for which it has responsibility and to support Government's strategic 2018 – 2021 priorities.

In accordance with the requirements of section 44(4) of the URC Law, the Office commenced the review and revision of the 2018-2022 Strategic Plan in Q3 of 2020, intended to guide the operations of the Office for the next 5 years or until its next review.

The revised strategic plan is intended to ensure relevance and adaptation to changes in the environment and the organisation but also to ensure the Office's objectives, plans and priorities going forward, are informed by the Government's 2020 strategic policy statement. The plan will also seek to address crucial gaps in the organisational structure missed during the initial setup.

The Office's strategic direction aligns with Government's priorities and is designed to:

- Promote effective and fair competition, to protect the interests of consumers, to promote innovation and facilitate economic and national development;
- Drive innovation in our people, processes and business practices;
- Ensure that our business processes and systems are fair and encourage competition and deliver services at economic cost;
- Actively adapt to changing policy, technologies and market;
- Strengthen our detection and response capability to non-compliance;
- Develop regulatory instruments to optimise regulatory outcomes to the benefit of the Cayman Islands.
- Focus on developing a service delivery system to engage all employees to deliver the ultimate customer experience to the people of the Cayman Islands
- Develop and deploy an integrated workforce development plan that will enable OfReg to hire and retain the right people with the right skills, in the right place, at the right time.

The 2021 Annual Plan and Budget, outlines OfReg's work programme and budget for the period. The composition of the plan is generally informed by OfReg's statutory dictate, the mission and vision of the organisation and our strategic goals and objectives as informed by government's policies and priorities. Important elements for the 2021 plan are to ensure that OfReg develops the requisite institutional mechanisms to improve employee and customer engagement, implement standard operating procedures, promote innovation through enablement of a conducive environment for ideas and actions, and adopting new ways of thinking and behaviours, either incrementally or radically.

OfReg will forge ahead with the promotion of competition where practical and feasible; and improve engagement with its stakeholders, not only to understand and satisfy their needs but also to ensure the roles, duties and functions of OfReg are understood by all stakeholders. Emphasis will be placed on improved protection for consumers and the delivery of value for all stakeholders, while consistently exhibiting professionalism and ethical conduct.

In accordance with its statutory obligations under section 41 of the URC Law, this document is the Office's 2021 Annual Plan which, along with the National Energy Policy and any other applicable Government policy, will guide the Office's work in 2021 in each of the sectors for which it has responsibility.

This Plan has been prepared in-line with the Government's two-year budget cycle and the budget associated with this plan is consistent with that two-year cycle.

This Plan includes a reforecast of the original budget figures for 2021 that were prepared in 2019 in-line with the Government's two-year budget cycle. Consistent with its obligation under section 41 of the URC Law, the Office will publish its Plan annually. Accordingly, the financial plan has been reviewed and updated to provide a relevant financial strategy for the upcoming year.

In designing the Plan, OfReg aims to give special attention to the following areas:

- Designating priorities – identification of priorities based on the strategic objectives and adherence to these;
- Modernise the existing ICT licensing and regulatory framework to account for advancements in communications technology and facilitate innovation and development in the ICT sector.
- Enhancement of the compliance methodology and framework;
- Develop a framework for the establishment of Internet Exchange Points to ensure that all local internet traffic remains in the jurisdiction;
- Spectrum Harmonisation - preparation and assignment of high demand and essential use spectrum;
- Institutional strengthening to plug the organisational gaps and deficiencies, post-merger and to enable the achievement of the goals and objectives;
- Develop a service delivery system to engage all employees to deliver the ultimate customer experience to the people of the Cayman Islands by addressing service culture, quality, employee engagement and customer experience;
- Delivering better outcomes for consumers by placing more emphasis on consumer protection and promoting as far as possible, competition in the regulated sectoral markets;
- Undertake institutional development to promote innovation and create a service delivery system that ensures that utility services are delivered efficiently and at economic cost;
- Designing critical performance measures and the identification of key indicators to measure the success of the organisation and the annual plan;
- Focusing on Performance Management to ensure optimal performance to achieve the strategic objectives of the organisation and to drive accountability.

- Ensuring OfReg delivers best practice regulation, considering the changing environment and need to consider next practices to be responsive and remain relevant by implementing new operational strategies; and,
- Improving the Stakeholder Engagement Framework that enables OfReg to efficiently and regularly communicate and engage all of its stakeholders.

There will be major activities in each of the regulated sectors over the period. The Office also proposes changes to the various sectoral laws and regulations. An exercise commenced in 2020 to identify missing Regulations, Codes, Rules, Orders and Conditions in Licences to address gaps in the regulatory framework to optimise regulatory oversight. Identified gaps will be addressed in order of priority commencing in 2021 as part of the Office's mandate to keep all relevant laws under constant review. This allows the Office to eliminate conflicts between the various pieces of legislation and to ensure alignment with government policies goals and strategies.

In the Energy sector, the Office will establish a mechanism and framework for the protection of Critical National Infrastructure (CNI), considered essentially vital to the sustenance and development of economic and social well-being of the Cayman Islands. The Office will focus on the drafting and implementation of Customer Service Standards and Guidelines to protect the interest of consumers and ensure licence providers deliver services in accordance with the standards and conditions in place.

Recognising our obligations to implement the National Energy Policy, the Office will review and update the regulatory framework to support and give effect to same. As part of the foregoing, the Office will undertake an exercise to assess the value of solar for tariff setting purposes to enable a transparent, predictable and robust regime for setting rates, especially in relation to renewables. The assessment will take into account the social, environmental and economic benefits of renewable energy and ensure rates are reflective of the full costs and benefits of distributed renewable energy.

Considering the aspirational target regarding the contribution of solar PV to the grid we will launch the Renewable Energy Auction Scheme (REAS), intended to ensure a transparent and competitive bidding process for large scale solar PV systems that has the potential to result in the best price per Kilowatt Hour (kWh) to be paid for electricity generated from Renewables. While the Office conducts elements of regulatory impact assessments, it intends to finalise a framework for the conduct of these assessments across the various sectors under our remit. A framework for the implementation of new technologies in renewable and alternative energy will also be developed.

The Office will also continue the initiatives to implement the strategies of the National Energy Policy (NEP) to ensure economic cost of electricity to consumers, in addition to considering initiatives to enhance the grid to enable it to withstand natural disasters and cyber security threats.

In the Fuels sector, the emphasis will be on completing and Fuel Market (Definition & Competition) Assessment, issue consultation on same and to draft Regulations for Cabinet's approval. Once implemented, the Office will develop a framework for monitoring the efficiency and effectiveness of imposed market interventions. A review of the impact of renewable fuels introduced into the market will be conducted and recommendations for future changes will be made for consideration. Fuel quality remains a priority for the Office, accordingly, National Fuel Quality Standards (for applicable fuels) will be implemented. To support this objective, a feasibility study on local fuel quality testing and laboratory capability will be done during the year as well as the design of a policy for emergency importation and fuel standards exceptions.

LPG was introduced as a fuel for transportation in 2020, however in order to promote uptake and availability to the public, the Office will commence a facilitation process for the introduction of at least one LPG fuelling site on Grand Cayman as a pilot project. The Office will also develop a TOR in collaboration with key stakeholders to ensure a coordinated approach to accomplish the NEP objectives for which the Fuel Sector has vested interest.

As part of the consumer protection focus, the Office will implement Consumer Protection Regulations and finalise a Licensing Framework for the fuels sector. Work will also be done to commence implementation of a national strategy to protect and strengthen the resiliency of Critical National Infrastructure (CNI) in the fuels sector, through stakeholder collaboration, information sharing, asset mapping, and risk management. The results of this strategy will be used to prevent, mitigate, prepare and respond to as well as recover from disruptions of CNI and against current and emerging hazards.

In the ICT sector, the plan will focus on establishing a modernised, comprehensive framework designed to facilitate greater investment in innovation and development, lower market barriers, improve consumers access to services and foster an environment that improves operators access to infrastructure, with a view to create an attractive and essential digital ecosystem for the industry. In support of this initiative, the sector will establish a spectrum strategy to identify and make available, spectrum for high demand and essential services. Additionally, focus will be placed on concluding significant market power reviews aimed at ensuring effective competition in the ICT markets. Consumers continue to be a major focus of the Office and having finalised the Consumer Protection Regulations we will focus on finalising their implementation. Additionally, in continuing to protect the consumer the Office will begin work on developing a comprehensive suite of

quality-of-service standards to further ensure that providers adhere to prescribed, consumer focused service standards.

In the Water sector, the Office will focus on concluding the licence negotiations with the Cayman Water Company (CWC) and issue a new licence. The Office will commence granting of licenses to Water and Wastewater Operators and Water Production and Suppliers, subject to the coming into force of the Water Sector (Licence, Fee and Penalty) Regulations, submitted to the Ministry of CPI for Cabinet's approval. The Office will draft and implement Customer Service Standards and Guidelines for the sector and will monitor the performance of the two monopoly providers. This is to ensure adherence and compliance to the standards and consumer expectations. In the water sector, the establishment of a mechanism and framework for the protection of Critical National Infrastructure is also a priority for the Office.

We will commence licence negotiations with Water Authority Cayman (WAC) for the award of a Water Producer and Supply Licence and also a Wastewater Operator's Licence. A Cost-of-Service Study (COSS) will be conducted on the WAC to determine the entity's overall efficiency in relation to its operations and to ensure the utility provides service at the most efficient cost.

Implementing some institutional strengthening is at the core of OfReg's success given the omissions of critical steps and change management activities during the merger. The emphasis will be on developing a service delivery system to engage all employees to deliver the ultimate customer experience to the people of the Cayman Islands, with focus on service culture, service quality, employee engagement and customer experience.

As a regulator, the input of all of our stakeholders is important in contributing ideas and expertise to chart the development of future utility services. We will continue to seek to improve our consultation and outreach and to develop a stakeholder engagement framework that will guide our communications with Government, Industry, and Consumers.

This ambitious plan reflects the challenging and dynamic environment within which the Office operates. We are cognisant of the operational gaps and the work required to rectify the shortcomings and yet continue to further work in the sectors to satisfy government policy objectives. Consideration will be given to the emerging and rapidly changing technologies and the regulatory tools required to improve the regulatory environment to promote sustainability, economic growth and development, improved service delivery and resiliency of infrastructure.

We are aware that innovation will play a major role to ensure flexibility and agility, essential to realise success, especially in view of the Coronavirus pandemic (COVID-19) and the need for adaptability to the changing environment and the ability to be proactive and respond in a timely manner.

The Office recognizes that our employees will be responsible for meeting the objectives laid out in this plan, therefore, their engagement will be crucial to the overall success. The Office is committed to ensuring that our employees have access to professional training and development to enhance their skillset.

As the team commits to producing key deliverables in a challenging field, a rewards regime will be established which will provide recognition for attitude, talent, accomplishments and experience. Accountability will be measured through a performance management system, which seeks to promote and reward excellence thereby allowing the organization to deliver exceptional regulatory services for the Cayman Islands.

B. Legal Framework

Principal Statutory Functions

1. The Utility Regulation and Competition Office is a statutory authority as defined by section 2 of the PAL and is therefore a public authority. As a consequence, its structure and governance must comply fully with this law, established to govern the statutory authorities and government companies in the Cayman Islands.
2. The URC Law sets out the principal statutory functions of the Office as set out in section 6(1) of the Law.

6. (1) The principal functions of the Office, in the markets and sectors for which it has responsibility, are –

- a) to promote objectives set out in any Policy;*
- b) to promote appropriate effective and fair competition;*
- c) to protect the short and long term interests of consumers in relation to utility services and in doing so –*
 - i. supervise, monitor, and regulate any sectoral provider, in accordance with this Law, the regulations and sectoral legislation and any general policies made by Cabinet in writing;*
 - ii. ensure that utility services are satisfactory and efficient and that charges imposed in respect of utility services are reasonable and reflect efficient costs of providing the services; and*
 - iii. publish information, reports and other documents relating to utility services; and*
- d) to promote innovation and facilitate economic and national development.*

3. Section 41 of the URC Law requires the Office to publish an annual plan.

41. (1) No later than one month before the end of each financial year, the Office shall prepare and publish –

- a) a plan of its proposed objectives for the forthcoming year; and*
- b) a report of the carrying out of its functions during that financial year; and*
- c) its approved budget for the forthcoming year.*

(2) The annual plan shall –

- a) set out the Office's strategy for the forthcoming financial year to meet the objectives set out in any sectoral legislation;*
- b) set out the broad priorities of the Office for the two years following the forthcoming year provided that these may require adjustments in light of any sectoral policy published by the Government in any sectoral utility under the terms of any sectoral legislation;*
- c) include a series of key performance indicators against which it shall measure its performance during the forthcoming year;*
- d) include the level of remuneration to be received by non-executive and executive members for the forthcoming year; and*
- e) set out the Office's budget based upon its target activities for the forthcoming year.*

4. To promote transparency and accountability, **section 42** of the URC Law provides for the external review and evaluation of the Office's short-term objectives by the Auditor General:

42. The Auditor General shall, every three years, report to the Board on -

- a) the Office's performance against its annual plan;*
- b) the extent to which the Office's deployment of its financial resources has delivered value for money; and*
- c) the impact of the Office's regulatory decisions when compared to the expected impacts established through regulatory impact assessments carried out by the Office;*

Sectoral Statutory Functions

5. As a multi-sector regulator, the Office also has specific duties and functions outlined in each Sectoral Law which influence the Annual Plan.
6. In the Electricity sector, the powers and functions of the Office are set out at section 9 the ESR Law.
7. The Office's powers and functions in the ICT sector are set out at section 9 of the ICT Law. The Office also has enforcement functions in the ICT sector under the Electronic Transactions Law (2003 Revision).
8. The Office's duties and functions in the fuel sector are governed by section 5 of the FSR Law. Sections 6 and 7 of the DS Law also set out some of the duties and functions of the Office's Board of Directors applicable to the fuel sector and section 15 of the same Law, also outlines the duties and functions of the Chief Fuels Inspector.
9. In the Water sector, the Office's principal duties and functions are prescribed at section 3 of the WSR Law. A number of other duties and functions are prescribed by various provisions in the Water (Production and Supply) Law (as revised) and the Wastewater Collection and Treatment Law (as revised).

Government Policy

10. While the Sectoral Laws provide a framework for the activities and priorities for the Office, each of the Sectoral Laws make explicit provisions for the Office to implement Government's Policy as provided in writing, and the Office is mindful that the Government may issue policy directives of a general or specific nature from time to time.
11. In this regard, the Government issued its *National Energy Policy 2017-2037* ("*NEP*")² in January 2017 which provides clear directions as to the Office's priorities, including but not limited to the electricity, fuels and water sectors.

Government Priorities for 2020-2021

12. Other than the NEP, the Government has not issued formal sector policies at this time. However, the Office has taken into account the following key government priorities for 2020-2021:

² <http://www.gov.ky/portal/pls/portal/docs/1/12374582.PDF>

13. The Government's Strategic Policy Statement³ outlines Government's priorities for the financial years 2020 to December 2021.
 1. A Strong Economy to Help Families and Businesses
 2. Achieving Full Employment –Jobs for All Caymanians
 3. The Best Education Opportunities for All Our Children
 4. Reducing Crime and the Fear of Crime
 5. Access to Quality, Affordable Healthcare
 6. Stronger Communities and Support for the Most Vulnerable
 7. Ensuring Caymanians Benefit from a Healthy Environment
 8. Stable, Effective and Accountable Government
14. Accordingly, the Office has identified a number of objectives in each of the sectors, which, along with its 2020 – 2024 Revised Strategic Plan, support Government's 2020-2021 priorities.
15. Specifically, the Office's objectives in accordance with the general statutory functions as set out in the Law and other sector laws, will support:
 - Achieving full employment for Caymanians.
 - Growing a strong economy to help families and businesses;
 - Reducing crime and the fear of crime;
 - Ensuring Caymanians benefit from a healthy environment; and
 - Stable, Effective and Accountable Government.
16. In addition, a specific action tasked to the Office by Cabinet under section 5(2)(h) of the FMR Law is to review the price competitiveness of the fuel sector. The intent of this task is to commence, taking the necessary steps to ensure fair pricing in the event a market is found not to be competitive, thereby ensuring a better standard of living for all in the Cayman Islands. Accordingly, the Office is concluding the economic assessments for implementing the necessary mechanism to give effect to the foregoing.

C. Overview of Activities 2020

During 2020 the Office like all other entities locally and globally was negatively impacted by the coronavirus pandemic (COVID-19). This unprecedented event threatened lives and economies across the globe. During the period of March to September 2020, the Office diverted attention and resources from implementing the 2020 Annual Plan priorities in order to focus on essential service sustainability as a result of the pandemic. The Office focused on working with the various

³ CIG Strategic Policy Statement. <http://www.gov.ky/portal/pls/portal/docs/1/12780581.PDF>

licensees, service providers, the Government and other stakeholders to maintain an acceptable level of service, recognising the enormity of challenges faced as a result of the unique circumstances, which necessitated agility and innovation to navigate the emerging situations. Despite the foregoing, a number of key work programmes were impeded especially during the government-imposed restrictions to preserve health and promote safety.

None of the Office's regulatory programmes was suspended, however, they were affected in varying ways. The Office sought to ensure utilities and infrastructure essential to the well-being of the Cayman Islands remained available and accessible while navigating the unprecedented environment. OfReg's business continuity plan allowed the Office to quickly adapt as the situation unfolded to ensure responsiveness. However, despite the challenges, the Office successfully executed several projects embarked on by the sectoral teams in our last plan.

The Office of the Auditor General (OAG) Conducted the Efficiency and Effectiveness Audit of the OfReg over the first three years of its operations. This audit was finalised in June 2020. Sixteen recommendations were made to address deficiencies and challenges the Office face. Of the 16 recommendations, 5 have been implemented. The other recommendations have been progressed to the point requiring Cabinet's consideration and other stakeholders involvement.

The following major activities were accomplished during the Office's 2020 financial year:

Consultations:

In accordance with section 7 of the URCL (7) the Office is obligated to conduct public consultations prior to issuing an administrative determination which, in the reasonable opinion of the Office, is of public significance, and subject to specific procedures under sectoral legislation.

The following consultations were published in 2020:

1. OF 2020 - 1 - Consultation on Proposed Dispute Resolution Regulations
2. E&U 2020 - 1 - Consultation on Final Regulatory Accounts Rules
3. E&U 2020 - 2 - Consultation on Proposed Renewable Energy Capacity Reallocation and Tariff Setting
4. E&U 2020 - 3 - Consultation on Proposed Consumer Protection Regulations
5. FS 2020 - 1 - Consultation on Proposed Fuels Market Definition
6. FS 2020 - 1 - Draft Determination on Proposed Consumer Protection Regulations
7. ICT 2020 - 1 - Consultation on Internet Exchange Points (IXP) Regulatory Framework.
8. WS 2020 - 1 - Consultation on Final Water (Licence, Fee, Offense and Penalty) Regulations

17. Electricity

- a. The Office issued a Consultation Paper on the proposed Renewable Energy Capacity Reallocation and Tariff Setting (RECRTS). The consultation paper outlined the legal basis for the capacity reallocation and tariff setting for 1 MW of capacity from the Distributed Energy Resources programme to the Customer-Owned Renewable Energy (CORE) programme and identifies the approach and applicable principles. The Office also issued a Consultation Paper on proposed Consumer Protection Regulations for both the electricity and water sectors. The intent is to regulate the terms and conditions under which services in relation to the E&U sectors are provided by prescribing quality of standards.
- b. The Office approved the Request for Proposals (RFP) for the CUC 20MW Energy Storage Project which will lower the cost of electricity to consumers and also increase the amount of intermittent renewable energy capacity by 12MW that can safely be added to the grid without compromising its reliability and stability.
- c. The Office reviewed and approved the CUC 5-year capital investment plan (CIP) for investments in its operations to provide dependable and reliable electricity service to its over 28,000 customers on Grand Cayman.
- d. Having conducted a detailed review of the CUC June 1, 2020 Rate Base Adjustment Proposal, the Office granted approval as allowed under the Rate Cap Adjustment Mechanism (RCAM) contained in the T&D licence. The implementation of the adjustment was deferred until January 1, 2021 implementation. This deferral was considered prudent to lessen the impact on consumers, considering the economic, social and health impacts of the COVID-19 pandemic and the prevailing economic environment.
- e. The Office reviewed and approved the Fuel Price Volatility Management Plan (FPVMP) for the 2020-2021 calendar year as recommended. FPVM Plans typically call for purchasing 12-month hedging contracts from multiple providers using New York Mercantile Exchange ("NYMEX") No. 2 Heating Oil as a proxy hedge since it is almost identical in terms of refining to Ultra Low Sulphur Diesel (ULSD.).
- f. CUC's COVID-19 Cost Recovery Request allowing the creation of a regulatory asset to recover these costs over the period January 1, 2021 to December 31, 2022 was also reviewed and approved as well as CUC's proposed George Town Revitalisation Street Lighting Rates.
- g. As OfReg is mandated to identify and protect critical national infrastructure (CNI), meetings were held with CUC during the year to achieve this objective. It is envisaged that further meetings

will be held in 2021 to finalise and develop the framework for CNI security.

- h. The Office continued its monitoring of CUC's performance standards per The Electricity Regulatory Authority (Standard of Performance) Rules, 2012, ("the Rules") which define the targets, rewards and penalties for each of CUC's performance standards. Monitoring of the Bodden Town Solar I performance was continued also.
- i. The Office continued to assist the Government with meeting the National Energy Policy goals with both technical and policy advice.

18. Fuels Sector

- a. The Office conducted its final round of public consultations on its final Proposed Consumer Protection Regulations for the Fuel Sector. It is necessary for the Office regulate the terms and conditions under which services and products in relation to the fuels sector are provided by prescribing quality standards. Consultations were also conducted on the Proposed Fuels Market Definition, an essential preliminary phase to the Economic Regulatory Market Assessment. The market definition study allows for understanding of the operation of markets to inform future developments for the comprehensive regulatory monitoring regime.
- b. The Fuel Sector work plan for 2020 included a number of major, routine and continuing programs from 2019. The Fuel Market Regulatory and Economic Assessment, ranked the highest priority for the Office in the sector and progressed through to the completion of the Market definition. Efforts are underway to wrap up the Competition Assessment report in order to begin the public consultation during December (2020).
- c. Three major investigations were progressed to conclusion during the year; namely the LPG Market Anti-Competitive Investigation, the Propane Cylinder Incident, and RUBIS Tank Release Incident. The first two investigations were completed, and enforcement actions taken, while the other is ongoing for conclusion and potential enforcement.
- d. Other key initiatives included progressing the National Energy Policy (NEP) goals relating to the fuel sector, establishment of national fuel quality standards, and support for the Cayman Islands National Maritime Strategy with emphasis on III Code compliance extended by the UK to its OTs.
- e. The compliance and permitting programme under the Dangerous Substances Law was severely impacted due to acute manpower

resource constraints in this area, combined with the broader impact of the pandemic and associated effects.

- f. Other noteworthy achievements in the fuels sector include a merger assessment and pending approval, acquisition of an emergency trailer, and the roll out of the Fuels team internship (and mentoring) program. The Fuel Sector Team also provided support as required during emergencies and events of national significance given their role as members of the national emergency response team.

19. ICT Sector

- a. The Office presented the draft Consumer Protection Regulations (ICT Sector), to Cabinet for consideration and approval. Once approved, they will be published in Q1 2021.
- b. The Licences for two major ICT Licensees were extended while the licence for one FM Broadcaster was renewed.
- c. Cybersecurity continues to be a concern for the Office. The team remains vigilant and continues to provide advice to Core Government on cybersecurity matters; provides the National Security Council with recommended courses of action to combat cyber-crime and worked regularly with key stakeholders in developing cybersecurity strategies.
- d. The Office commenced initiatives in relation to protecting ICT Critical National Infrastructure (CNI). The following were accomplished:
 - i. Launched first phase of the "Click Before U Dig" underground infrastructure protection programme;
 - ii. Provide support and information to the Ministry of Commerce, Planning and Infrastructure in support of their third international cable initiative; and
 - iii. Conducted a second consultation of Pole Attachments (Reservation Fees);
- e. In response to the COVID-19 pandemic, the ICT team worked with the Ministry of International Trade, Investment, Aviation and Maritime Affairs, to build an online system to automate the curfew exemption request and approval process;
 - i. As part of an initiative to ensure residents could contact essential services the ICT Team worked with, Telco licensees to ensure that all calls to NEOC Hotlines were free / no charge. The team also worked with mobile providers to ensure that access to certain government websites incurred no data charges from mobile devices; and

- ii. In support of Government's quarantine programme for inbound travellers, the ICT team worked with ISP's to ensure bandwidth to quarantine hotels was increased temporarily.
- f. ICT Sector published consultation on a first-time internet Exchange Point licensing and regulatory framework. Office expects to be ready to issue first licence in Q1 2021.

20. **Water Sector**

- a. An interim funding mechanism for the Water sector has been negotiated with the Water Authority Cayman (WAC) to enable the Office to acquire and deploy resources necessary to properly regulate the sector.
- b. During 2020 the Office commissioned a Cost-of-Service Study (COSS) of Cayman Water Co. Ltd., (CWC) to assist with the determination of new water rates, and a reasonable allowed return on investment. The results of the study will inform ongoing negotiations for grant of a new Water Producers and Supply Licence. The existing licence extension expired on January 31, 2018, and negotiations are ongoing.
- c. The Office also reissued the Water Sector (Licence, Fee, and Penalty) Regulations to Cabinet for its approval. These Regulations when enacted will complete the regulatory framework and establish the long-term funding mechanism for the Water Sector and thus enable OfReg to effectively execute its regulatory activities for water service providers and wastewater operators.
- d. As OfReg is mandated to identify and protect critical national infrastructure (CNI), meetings were scheduled with CWC and WAC during the year to achieve this objective. However, the COVID-19 epidemic impacted both WAC's and CWC's operations, so the meetings were postponed. It is envisaged that the meetings will be held in 2021 to develop and finalise the framework for CNI security.

D. 2021 Sectorial Goals, Objectives and Priorities

Electricity Sector Goals

The Office's role in the sector includes providing policy advice to the government, enabling development of the sector via competition and innovation, ensuring prices to customers are reasonable, ensuring the provision of efficient, sustainable and quality service to consumers throughout the islands and ensuring that returns to

investors are fair. Goals for the Electricity Sector are mainly process driven and a continuation of the evolution, implementation and monitoring of the licensing regime which include:

1. Processing of electricity licence applications including amendments issuances, grants in accordance with the application process.
2. Compliance and enforcement.

The Office will continue to utilise appropriate benchmarking and robust monitoring of utilities and take appropriate and swift enforcement action to reprimand licensees when they breach their licence obligations to minimise degradation of service provisions to consumers.

The Office will also focus on a range of work areas, (some of which will require the issuance of various Administrative and General Determinations, generally one for each area), relating to the following:

- a) Accounting separation.
- b) Consumer Protection Regulations and Customer Service Standards;
- c) Renewable Energy Auction Scheme (REAS);
- d) Update of the Integrated Resource Plan (IRP); and
- e) Conduct a value of solar assessment to enable achievement of the National Energy Policy (NEP) objectives.
- f) Protection of Critical National Infrastructure.

The energy landscape is evolving into one that is less carbon intensive, more decentralised, flexible, dynamic and responsive. Therefore, OfReg's aim is to facilitate this evolution to the benefit of consumers and the economy as a whole.

Additionally, the Office will provide policy recommendations to the Cabinet following consultation and communications with industry stakeholders and consumers on matters of public interest and matters that may affect sectoral utilities.

Electricity Sector

21. The following are the Office's Objectives for the electricity sector for 2021:

a. Regulatory Framework / Legal

- i. Review Regulatory Frameworks to support and give effect to the NEP electricity strategies to promote the adoption of renewable energy (RE) sources, energy efficiency, and demand management and improve sustainability by Q3 2021;

- ii. Establish a framework for the conduct of Regulatory Impact assessments (RIAs) by end Q2 2021;
- iii. Identify and make recommendations where necessary to improve existing legislation, regulation and/or regulatory policy (ongoing);
- iv. Conduct a value of solar assessment for tariff setting purposes to ensure better alignment and implementation of NEP initiatives and strategies.

b. Security of Supply / Critical National Infrastructure (CNI)

- i. Establish a mechanism and framework for the protection of Critical National Infrastructure ("CNI") to be in place by end of Q1 2022

c. Customer – Customer Service Standards

- i. Create and implement Customer Service Standards & Guidelines by Q4 2021

d. Technology and Innovation

- i. Establish frameworks for implementation of new technologies in renewable and alternative energy by end Q3 2021;
 - ii. Ensure timely approval of "*Certificate of Need*" for additional generation capacity on Grand Cayman, and similar interventions for Cayman Brac and/or Little Cayman (as provided in the respective licences) (2020-2021);
 - iii. Launch the Renewable Energy Auction Scheme
- e. Facilitate and adopt energy efficiency and demand side management programmes (ongoing);
 - f. Leverage advances in technology in the international electricity sector to advance the NEP initiatives and stimulate economic development (ongoing);
 - g. Work towards achieving fair pricing for reliable electricity services on each of the Islands (ongoing);

Table 1: Electricity Sector Goals, Outcomes and KPIs

Strategic Focus: Technology and Innovation			
Regulation			
Strategic Objectives	Outputs	Key Performance Indicators	Outcomes
2.3 Implement regulatory mechanism for approval of Integrated Resource Plans (IRPs) to ensure adherence and compliance with industry best practice by Q1 2022.	<ul style="list-style-type: none"> • Consultation on proposed Regulatory mechanism for approval of IRPs • Government Approval and Gazetting of Framework/mechanism, Rules and Regulations • Publication of Approval Mechanism Document 	<ul style="list-style-type: none"> • Public consultation on framework completed by Q3 2021 • Legislation requiring filing of IRPs enacted Q4 2021 	<p>A robust regulatory mechanism for the review and formal approval of utility Integrated Resource Plans.</p> <p>Lower cost electricity.</p> <p>Lower risk from price volatility.</p> <p>Lower social and environmental impact.</p> <p>Stable, effective and accountable Government.</p>
Identify and make recommendations where necessary to improve existing legislation, regulation and/or regulatory policy Q2, 2021.	<ul style="list-style-type: none"> • Regular review of internationally recognised regulatory practices to document and implement best and innovative regulatory practices. 	<ul style="list-style-type: none"> • Review completed by Q3 2021. • Submission of recommendations to Government by Q3 2021. 	<p>Growing a strong economy to help families and businesses.</p> <p>Stable, effective and accountable Government.</p>
Ensure timely approval of "Certificate of Need" (CON) for additional generation capacity on Grand Cayman, and similar interventions for Cayman Brac and/or Little Cayman (as provided in their respective licences) (2020-2021;	<ul style="list-style-type: none"> • Certificate of Need Review 	<ul style="list-style-type: none"> • Submission of Certificate of Need by licensees • Certificate of Need reviewed and approved 95% of the stipulated time 	<p>Ensure adherence to the NEP and IRP targets and goals due to timely approval of investments</p> <p>Growing a strong economy to help families and businesses.</p> <p>Stable, effective and accountable Government</p>
Strategic Focus: Technology and Innovation Licensing			



Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Leverage advances in technology in the international electricity sector to advance NEP initiatives and stimulate economic development	<ul style="list-style-type: none"> • Consultation on proposed Regulatory mechanism for advancing NEP initiatives • Government Approved and Gazetting of mechanism, Rules and Regulations • A framework that incentivises the deployment of new and innovative technologies in renewable and alternative energy sources to diversify the energy supply mix beyond what currently exists to reduce the country's dependence on fossil fuels. • A framework to facilitate Electric Vehicles (EVs) charging infrastructure. 	<ul style="list-style-type: none"> • Completed and published consultation on framework including the implementation of Electric Vehicles (EVs) charging infrastructure by Q3 2021. • Government Approved and Gazetting of mechanism, Rules and Regulations by Q3 2021. • Regulatory mechanisms established relating to existing licensing, connection and charging policies by Q4, 2021. 	<p>Access to more electric vehicle charging stations.</p> <p>Greater reliable, affordable electricity from a diverse energy generating portfolio.</p> <p>Modern electricity grid</p> <p>Growing a strong economy to help families and businesses.</p>	
Strategic Focus: Compliance				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
<p>Receive/review and collate annual compliance data from Licensees.</p> <p>Ensure networks are benchmarked internationally to drive efficiency gains.</p>	<ul style="list-style-type: none"> • Implement Accounts Separation Rules for the electricity sector to ensure transparent, cost-based and non-discriminatory practices to help level the playing field to new entrants. • Review of CUC's Customer Satisfaction Survey (CSS). • Fairness and transparency for consumers via enhanced monitoring and enforcement of Licensees' activities. • Investigation and prosecution of Licensees who break the law. 	<ul style="list-style-type: none"> • Completed consultation process on Regulatory Accounting Rules (RARs) by end of Q1 2021. • Submission of RARs to CIG for approval by Q2 2021 • Key trends recorded in annual review of CUC's Customer Satisfaction Survey by end of Q3. 	<p>Improved transparency and competitiveness of markets where appropriate.</p> <p>Growing a strong economy to help families and businesses</p> <p>Regulator's awareness of the general customer satisfaction levels and shortcomings of licensee.</p>	



Strategic Focus: Regulatory Framework/ legal				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Implement regulatory frameworks to support and give effect to the National Energy Policy (NEP) objectives for the electricity sector		<ul style="list-style-type: none"> • Consultation on proposed Renewable Energy Auction Scheme, • Government Approval and Gazetting of Framework, Rules and Regulations • Comprehensive Framework, Rules and Regulations 	<ul style="list-style-type: none"> • Renewable Energy Auction Scheme (REAS) opens in Q3 2021. • Reduction of Greenhouse Gases (GHGs) essential for a low carbon. 	Transparent, robust, and competitive procurement of large-scale renewable energy provision. Competitive, secure and sustainable supplies of energy Growing a strong economy to help families and businesses;
Establish a framework for the conduct of Regulatory Impact assessments (RIAs) in Q2 of 2021 to assess the positive and negative effects of proposed and existing regulations and non-regulatory alternatives.		<ul style="list-style-type: none"> • Consultation on proposed RIA Framework • Government Approval and Gazetting of Framework, Rules and Regulations • Comprehensive Framework, Rules and Regulations for RIAs 	<ul style="list-style-type: none"> • Public consultation on framework completed Q2, 2021 • Training programmes identified and staff training in use of RIAs completed, Q2, 2021. • Implement RIA Framework Q3 2021. 	A robust system of regulatory oversight that encourages sound policy development and implementation by ensuring OfReg considers the potential costs and adverse implications, as well as the benefits, of regulatory proposals.
Conduct a value of solar assessment for tariff setting purposes to ensure better alignment and implementation of NEP initiatives and strategies Q2, 2021,		<ul style="list-style-type: none"> • Draft RFQ document • Procure consultant • Consultant(s) report on value of solar 	<ul style="list-style-type: none"> • A comprehensive study of the value of solar is completed Q2, 2021 	Renewable energy tariffs are informed by empirical analysis of costs and benefits of solar to ensure fair and transparent rate setting procedures.
Strategic Focus: Customer-Consumer Protection				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes



<p>Create Customer Service Standards & Guidelines for the protection of electricity consumers by Q4 of 2021 to manage customer expectations and establish obligations on the service provider to maintain high quality of service.</p>	<ul style="list-style-type: none"> • Consultation on proposed Customer Service Standards & Guidelines • Government Approval and Gazetting of Regulations • Customer Service Standards and Guidelines for electricity service licensees • Monitoring of customer service performance indicators to incentivise increased customer satisfaction amongst electricity consumers. 	<ul style="list-style-type: none"> • Consumer Service Standards implemented in Q4, 2021 • % Increase in the number of customers who trust and are satisfied with their energy supplier compared with 2019 baseline. • By 2021 market analysis and monitoring in place facilitating consumer protection, assurance of compliance and enabling enforcement as necessary compared with 2020 baseline. • Consumers have avenue to address service-related concerns by Q4 2021 	<ul style="list-style-type: none"> • Existence of a transparent regulatory framework to ensure a safe, adequate, efficient, reasonable, and non-discriminatory service for consumers. • Creation and enforcement of regulations to secure the quality of service to the consumer. • Consumers unserved by fixed networks, interests protected. • Establishment of quality of product i.e., the norms and standards for electricity services. • Regulated licensees that are fully compliant with their obligations and are treating their customers, existing and new, in a fair and transparent way.. • Stable, effective, and accountable Government. 	
<p>Strategic Focus: Security of Supply/ Critical National Infrastructure</p>				
<p>Service Objective</p>	<p>Activity/Key</p>	<p>Outputs</p>	<p>Key Performance Indicators</p>	<p>Outcomes</p>
<p>Establish a mechanism and framework for the protection of Critical National Infrastructure ("CNI") by 2022 to improve system resiliency and reliability.</p>	<ul style="list-style-type: none"> • Consultation on draft framework • Government Approval and Gazetting of legislation, framework, rules and Regulations • Publication of final methodology. 	<ul style="list-style-type: none"> • Framework to report systems attacks and mitigation of success/failure fully implemented by Q4 2021 • Framework to share information and 	<ul style="list-style-type: none"> • Common resilience measure(s) developed in conjunction with Government and industry stakeholders • Critical national electricity infrastructure has built in cybersecurity and physical resilience. 	



		<p>understand cross sector dependencies fully implemented by Q4 2021</p> <ul style="list-style-type: none">• Framework to collaborate with international peers on energy sector CNI protection fully implemented by Q4 2021.	<ul style="list-style-type: none">• Enhanced Risk Management of the energy sector operating environment• Well-developed understanding and awareness of cross sector dependencies supported through effective collaboration and networks across sectors.• Stable, effective, and accountable Government.

Fuels Sector Goals

The overarching objective of the Office is to complete the fuels market definition and assessment to recommend and implement intervention measures for efficient and sustained competition in the Fuels Market.

Critical to the accomplishment of the goals and objectives, the Office will enhance the fuel's team capability and manpower needs to build competency, ensure succession planning, and effectively deliver programs to satisfy the mandate of the sector. This objective will also place heavy emphasis on training, development and knowledge transfer to ensure the team's effort and focus remain relevant;

As a supplement to the high-level objectives outlined in Table 2, the following are some supporting objectives of the key activities in the fuel sector:

- a. Implement the recommendations and findings arising from the Propane Market Anticompetitive investigation;
- b. With the aim to improve standards, the Office will progress the work of the Fuels Standard Committee for establishment and full implementation of National Fuel Quality standards.
- c. Continue to identify and make recommendations as necessary for new legislation and/or improvements to existing legislation, regulations and/or regulatory policy, to maintain regulatory relevance;
- d. Continue to identify and evaluate processes and procedures to transition to an online environment via web-based applications;
- e. Keep under review, options for bulk import infrastructure improvement or enhancements, contingent on discussions and outcomes regarding port redevelopment;
- f. Keep under review, along with capability assessment, the enforcement provisions of the Dangerous Substances Law in the marine environment (fuel transfers and trade in Cayman's Territorial Waters);
- g. Explore and implement measures for renewed focus on permit and code compliance across the industry, to improve previous years' compliance statistics. The objective is closely aligned with efforts at enhancing our public relations, safety and public awareness in the sector. Emphasis will be placed on compliance with the API and ASME Codes and Standards;
- h. Continue discussion with FSC (Fuels Standards Committee) and other Government Agencies on local fuel testing capability.
- i. Continue to progress the work and address concerns of LPG/Propane Stakeholders as part of a national dialogue on increased propane penetration and utilisation in the market;
- j. Fully establish an ISO Tank Container database and registry, and validate a certification program for this category of equipment;

- k. Keep under review and advance discussions on optimisation of key fuel sector infrastructure such as the import pipeline and Rubis Cayman Brac Terminal Optimization;
- l. Initiate and implement the phased rollout of Industry Certification Programme for persons performing work in the sector related to safety, compliance and technical certification programmes;
- m. Continue to support efforts towards Cayman Islands III Code compliance as a member of the National Maritime Strategy Working Group under Fuels.

22. The following are the Office's Objectives for the Fuels Sector for 2021.

a. Regulatory Framework/Legal

Set and Implement Strategic Imperatives derived from Legislation, OfReg's Vision and Mission, and Broader Government's Policy Directives specifically, the National Energy Policy, National Maritime Strategy, and National Emergency Notification.

- i. Complete Fuel Market (Definition & Competition) Assessment by Q1, 2021;
- ii. Evaluate options and recommend Optimum Strategy for implementation by Q1, 2021;
- iii. Issue consultation on recommended Regulatory Intervention by Q1 2021;
- iv. Draft Regulations for Cabinet Approval by Q2, 2021;
- v. Roll out and implement all phases of regulatory intervention measures to reflect Cabinet approval by Q4., 2021.

Develop TOR with other key stakeholders (arising from stakeholder mapping exercise) to ensure a coordinated approach to accomplish NEP objectives for which the Fuel sector has vested interest.

- i. Commence development of framework and evaluation matrix for introduction of LPG fuels for transportation;
- ii. Collaborate with the DOE to identify potential locations/siting and establish a TOR to conduct an EIA;

b. Critical National Infrastructure

Implement a national strategy to protect and strengthen the resiliency of CNI by establishing a framework for stakeholder collaboration, information sharing, asset mapping, and risk management to prevent, mitigate, prepare and respond to and recover from disruptions of CNI and against current and emerging hazards by 2024.

- i. Define Legal and Operational requirements for CNI Sites and Equipment by Q4, 2021;
- ii. Engage Public/Industry on set parameters in the determination of CNI by Q2, 2021;
- iii. Publish Guidelines & Regulations by Q3, 2021
- iv. Conduct a Risk Management assessment on CNI by Q3, 2021
- v. Develop Work plan that outlines the activities of the Sector to reduce risk to CNI by Q4, 2021

Develop and maintain a list of CNI Sites and Equipment by Q4, 2021, establish Compliance Plan/Metrics for CNI Owners/Operators and monitor phased implementation status where necessary during 2021 onwards.

c. Customer/Customer Protection

Implement National Fuel Quality Standards (for applicable fuels) by 2021

- i. Conduct Feasibility Study of establishing Fuel Testing Lab capability by Q2, 2021;
- ii. Commence feasibility assessment for fuel quality testing capability-mini-Lab.
- iii. Develop a Fuel Standards Monitoring program for relevant fuels and implement it by 2021 to ensure (ongoing) Compliance.

d. Technology and Innovation

Conduct assessment of technical and commercial viability of introducing limited blends of ethanol in gasoline (up to E10) and biodiesel up (up to B5).

- i. Implement, where feasible, introduction of renewable fuels (up to E10 and B5) and monitor performance during 2020-2021.
- ii. Conduct a three-year review of the impact of renewable fuel introduction to the market by 2021

Evaluate the viability of LPG as fuel for transportation.

- i. Facilitate the introduction of at least one LPG Fuelling Site on Grand Cayman as a Pilot Project by 2022.

23. The following rolling fuels sector priorities for 2021 – 2022 are:

- a. Continue to review and recommend intervention measures for efficient and sustained competition in the Fuels market;
- b. Continue to enhance fuel testing capabilities locally;
- c. Review and implement where feasible, self and co-regulation of certain segments of the market;
- d. Identify and recommend possible 'sunset' provisions under the various fuel sector legislation;
- e. Continue finalisation and implementation of consumer protection regulations for the fuels sector;
- f. Build internal and sector capability and competence on fuel compliance and economic regulation matters.

Table 2: Fuels Sector Goals, Outcomes and KPIs

Strategic Focus: Regulatory Framework / Legal				
Service Objective	Activity/Key	Output	Key Performance Indicators	Broad & Supporting Outcome
Develop a Fuel Sector which: features reliable fuel supply, quality and assurance standards; effective regulatory mechanisms and framework for intervention (in markets); fuel quality standards; promotes innovation; and relevant/adaptable fuel mix by December 2024		<ul style="list-style-type: none"> • Complete Fuel Market (Definition & Competition) Assessment by Q1 • Evaluate options and recommend optimum strategy for implementation by Q1, 2021; • Issue consultation on recommended Regulatory Intervention by Q1 2021; • Draft Regulations for Cabinet Approval by Q2 2021 • Roll out and implement all phases of regulatory intervention measures to reflect Cabinet approval by Q4, 2021. 	<ul style="list-style-type: none"> • Implement economic regulatory regime by Q4, 2021. • Fuel meets national fuel quality standards on quarterly basis. • Importer are maintaining a minimum of 3 weeks' aggregate supply of fuel at all times. • Fuel prices at Wholesale and Retail Levels falls within OfReg's computed/established price parameters during fortnightly surveys. 	<ul style="list-style-type: none"> • Regulatory regime promotes competition in the Fuels Market. • Reliable supply of quality fuel at a fair price, which accords with global fuel price trends, while providing a fair return to investors. • A Strong Economy to help Families and Business
Strategic Focus: Regulatory Framework /Legal				
Service Objective	Activity/Key	Output	Key Performance Indicators	Broad & Supporting Outcome
Develop TOR with other key stakeholders (arising from stakeholder mapping exercise) to ensure a coordinated approach to accomplish the NEP objectives for which the Fuel sector has vested interest.		<ul style="list-style-type: none"> • Commence development of a framework and evaluation matrix for introduction of LPG fuels for transportation; • Collaborate with DOE to identify potential locations/siting and establish TOR to conduct EIA. 	<ul style="list-style-type: none"> • Broad framework developed to 50% in 2021 (siting, operational parameters, safety requirements) to facilitate the introduction of LNG and CNG in the Cayman Islands by end 2022 	<ul style="list-style-type: none"> • Availability of CNG and LNG on a commercial scale which will shift the energy cost downward in the Cayman Islands



Strategic Focus: Regulatory Framework / Legal				
Service Objective	Activity/Key	Output	Key Performance Indicators	Outcomes
Finalise the regulatory framework and implement licensing regime for key/major sectoral participants		<ul style="list-style-type: none"> Finalise License Agreement for key/major Licensees 	<ul style="list-style-type: none"> Licensee Framework Agreement with Licensees in place by Q2, 2021 	<ul style="list-style-type: none"> Assurance of robust regime to govern sector participants operations and behaviour. Stable, Effective and Accountable Government A Strong Economy to help Families and Business
Strategic Focus: Safety and Compliance				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Carry out Inspections, Calibration, Planning reviews, statutory consultee, and enforcements on all sites, vehicles or project subject to Dangerous Substances Law		<ul style="list-style-type: none"> Monitor locations to ensure all relevant Dangerous Substances Site are in compliance with the Law 	<ul style="list-style-type: none"> Complete target output set out in Purchase & Sale and Ownership Agreement by set timeline 	<ul style="list-style-type: none"> Assurance of safe operations. Stable, Effective and Accountable Government
National Energy Policy				
Service Objective	Activity/Key	Output		Outcomes
Support implementation of NEP Objectives in collaboration with the Energy Policy Council		<ul style="list-style-type: none"> Sector fuel matrix to reflect revised and transitional targets in harmony with broader energy goal for 2020 	<ul style="list-style-type: none"> Accomplishment of set activities per NEP Goals in 2020 (refer to NEP document) 	<ul style="list-style-type: none"> Stable, Effective and Accountable Government A Strong Economy to help Families and Business
Strategic Focus: Consumer - Consumer Protection				



	<ul style="list-style-type: none"> Establish a policy for emergency importation and fuel standards exceptions by 2021 			
Strategic Focus: Critical National Infrastructure				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Implement a national strategy to protect and strengthen the resiliency of Critical National Infrastructure (CNI) by establishing a framework for stakeholder collaboration, information sharing, and asset mapping, and risk management to prevent, mitigate, prepare and respond to and recover from disruptions of CNI and against current and emerging hazards by 2024		<ul style="list-style-type: none"> Define legal and operational requirements for CNI sites and Equipment by Q1 2021. Engage Public/Industry on set parameters in the determination of CNI by Q2 2021; Publish CNI Guidelines & Regulations by Q3 2021 Conduct a Risk Management assessment on CNI by Q3 of 2021 Develop and implement actions to mitigate risk by Q4 of 2021 Develop Work plan that outlines the activities of the Sector to reduce risk to CNI by Q4 of 2021 	<ul style="list-style-type: none"> Audit results - Rectification of issues identified during routine audit are actioned within 48 hours in 90% of the cases. Timing of post-event inspections - Completion of inspection of CNI sites and equipment within 24 hrs. of 'All Clear' to approve for operation . Sites perform as expected before, during and after emergencies based on defined performance criteria. 	<ul style="list-style-type: none"> Critical National Infrastructure are efficiently and safely operated, reliable with adequate redundancy to ensure resiliency during and after all conditions, adverse or normal Stable, Effective and Accountable Government
Strategic Focus: Technology and Innovation				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Conduct assessment of technical and commercial viability of introducing limited blends of ethanol in gasoline		<ul style="list-style-type: none"> Implement where feasible, introduction of renewable fuels (up 	<ul style="list-style-type: none"> Readily available and reasonably priced ethanol blended gasoline and 	<ul style="list-style-type: none"> Consumers will have a choice of renewable blends for those with preference for greener fuels.



<p>(up to E10) and biodiesel up (up to B5).</p> <p>Evaluate the viability of liquefied petroleum gas (LPG) as fuel for transportation</p>	<p>to E10 and B5) and monitor performance during 2020-2021.</p> <ul style="list-style-type: none">• Conduct a three-year review of impact of renewable fuel introduction to market by 2021. <p>Facilitate the introduction of LPG fuelling Site on Grand Cayman as Pilot Project by Q4 2021</p>	<p>biodiesel blend of fuel at one gas station (at minimum) by 2020</p> <ul style="list-style-type: none">• Octane Index - Octane index to be within the ranges of 84 – 89 for Regular, 89 – 92 for mid-grade, and above 93 for premium grade. Cetane index to be 39 – 42 for USLD.• Complete the review of impact of renewable fuel in the economy by mid 2021• Implementation of any agreed recommendations by set deadlines arising from Review.	<p>Economy is on a path to increased use of renewable fuels, and the Cayman Islands will boast an improved carbon footprint (GHG and improved pathway to vehicle emission standards</p>
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ICT Sector Goals

24. The following are the Office's objectives for regulating the ICT sector in 2021:

a. Innovation and Investment

Modernise the existing ICT licensing and regulatory framework to account for advancements in communications technology and facilitate innovation and development in the ICT sector by 2022;

- i. Complete consultation process by drafting and publishing an updated framework by Q2, 2021.
- ii. Issue final determination on new framework by Q3, 2021
- iii. Migrate all ICT licensees to new framework, by Q4, 2021

b. Safeguard Competition in the Relevant Markets

Complete Significant Market Power Reviews for ICT Markets to further support fair competitive practices in the ICT markets by 2022.

- i. Complete draft consultation with draft determination on market definition, competition assessment and remedies by second quarter by Q2, 2021
- ii. Complete draft consultation with draft determination on market definition, competition assessment and remedies by Q2, 2021.
- iii. Issue Final Determination on Market Remedies by Q3, 2021.

c. Innovation / Protection of Infrastructure

(A) Develop and implement a national spectrum strategy to manage and provide industry with more freedom to innovate and utilise the full potential of available spectrum by 2022.

- i. Complete harmonised spectrum allocations
- ii. Migration of legacy spectrum to harmonised allocations
- iii. Establishment of licensing procedures.

(B) Design a framework for the establishment of Internet Exchange Points to ensure that all local internet traffic remains in the jurisdiction by the second quarter of 2021.

d. Protection of Infrastructure & Consumers

Begin work on developing and implementing a national cyber security strategy and to establish the Cayman Islands Cyber Incident Response Team (CIRT) to promote and enhance the security and resilience of critical ICT infrastructure by the end of 2022.

- i. Publish National Strategy for review and acceptance by the National Security Council.

- ii. Draft framework and operating model to establish Incident Response Team by Q3, 2021.
- iii. Establish MOU with stakeholders to resource the entity by Q4, 2021
- iv. Make preparation for CIRT Launch in 2022.
- v. Enforce Consumer Protection Regulations once endorsed by Cabinet.

e. Industry Development

Map ICT services and network development in the Islands, including development of CNI, to understand where the Islands stand with regard to the quality and availability of the national ICT ecosystem.

- i. Develop a TOR for mapping exercise by engaging with stakeholders and SMEs by Q3, 2021.
- ii. Develop an RFP to procure the services of a consultant to undertake the mapping exercise to map the ICT network by Q3, 2021
- iii. Launch Mapping exercise by Q4, 2021.

f. Investment

Regularise and improve the policies and availability of the .ky domain to increase attractiveness of the domain by mid-year 2021.

- i. Finalise pricing model for short-string character domains by Q1, 2021.
 - ii. Execute the agreement with GoDaddy for onboarding of additional registrars by Q1, 2021.
 - iii. Review and amend .ky policies including policy on releasing short-string character domains by Q2, 2021.
 - iv. Develop a marketing plan to promote the .KY domain by Q3, 2021.
 - v. Launch Marketing program by Q3, 2021.
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- g. Promote a regulatory environment that enables consumers to have a choice of services and service providers, no matter where they live in the Cayman Islands.
 - h. Promote cybersecurity and general ICT public education programs to help protect consumers;
 - i. Identify and align the Office with the relevant protocols and obligations of the International Telecommunication Union (ITU) and other international regulatory obligations and practices (ongoing);
 - j. Develop broadband quality of service (QOS) standards;
 - k. Continue to codify and publish all ICT regulatory processes;
 - l. Identify and make recommendations where necessary for new and/or improvement to existing legislation, regulation and/or regulatory policy,
 - m. Provide support to facilitate submarine cable investments; and
 - n. Launch 5G Trial and Licensing programme.

25. The following are ICT sector priorities for 2021-2022:
- a. Increase training opportunities for ICT sector staff,
 - b. Update ICT policies in support of all areas of ICT work;
 - c. Start and complete licence negotiations for expired licences;
 - d. Ensure licensee compliance with ICT rules, regulations, standards, and license obligations under the relevant laws.
 - e. To promote innovation, research and development with the objective to increase the attractiveness of the jurisdiction's positioning as a centre of ICT excellence and to put in place a robust digital ecosystem (ongoing);
 - f. Establish a Cyber Security Strategy;
 - g. Start CIRT development and service offerings; and
 - h. Ensure protection of CNI (ongoing).

Table 3: ICT Sector Objectives, Outcomes and KPIs

Strategic Focus: Innovation and Investment				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Modernise the licensing and regulatory policy framework to facilitate investment in innovation and development in the ICT sector to provide certainty to the market and protection to the consumers by 2022		<ul style="list-style-type: none"> Issue final determination on new framework by Q4 2021. Migration of all existing operators to new framework by end 2021. Increase of applications from new entrants to offer service by at least 2 applications per year. 	<ul style="list-style-type: none"> Complete consultation process by drafting and publishing an updated framework by Q2, 2021. Reduction in consumer complaints to the Office by 10% by end of 2021. Issue final determination on new framework by Q3, 2021 Migrate all ICT licensees to new framework, by Q4, 2021 	To have in place a comprehensive ICT regulatory framework designed to stimulate investment, lower market barriers, improve access to services and protection of consumers. It will support ICT and electronic media convergence, through relevant licensing and technology neutrality, and it will have effective enforcement powers.
Strategic Focus: Safeguard Competition				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Complete Significant Market Power (SMP) Reviews for ICT Markets to further support fair competitive practices in the ICT markets by 2022		<ul style="list-style-type: none"> Issue final determination on Market Remedies. During Q3 2021. Apply specific conditions to licensees where determined appropriate. By end of Q4 2021. 	<ul style="list-style-type: none"> Appropriate restrictions applied to 100% of operators who have SMP as necessary to facilitate fair competition in a relevant market by 2022. Complete draft consultation with draft determination on market definition, competition assessment and remedies by second quarter by Q2 2021. Issue final determination on Market Remedies by Q3 2021. 	<p>Ability to identify whether a sectoral provider has Significant Market Power in any defined market and whether as a result there is a requirement to impose any remedies to ensure effective competition in the market.</p> <p>Regulatory Certainty in relation to SMP Providers and related <i>ex ante</i> remedies. No resurgence of legacy anti-competitive/abuse of dominant position issues.</p>



Strategic Focus: Innovation / Protection of Infrastructure				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Develop and implement a national spectrum strategy to manage and provide industry with more freedom to innovate and utilise the full potential of available spectrum by 2023.		<ul style="list-style-type: none"> Complete harmonised spectrum allocations Migration of legacy spectrum to harmonised allocations Established licensing procedures 	<ul style="list-style-type: none"> Draft national strategy based on adopted industry standard framework by Q3, 2021. Consult on strategy by Q4, 2021. Publish national strategy by end of 2021. 	<p>Ability to identify availability of future mobile spectrum demand, digital dividends spectrum. Allows innovative use of spectrum sharing methodology for interference reduction and mitigation. Identification of Public Sector Spectrum Release, Special Events, Machine-to-Machine communication.</p> <p>Structured access to spectrum and experimental licences to facilitate and drive innovation and investment in the sector, and ultimately position the Islands to be a leader in the digital space regionally.</p>
Strategic Focus: Protection of Infrastructure & Consumers				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Begin work on developing and implementing a national cyber security strategy and establish the CIRT to promote and enhance the security and		<ul style="list-style-type: none"> National Strategy Published and accepted by the National Security Council. 	<ul style="list-style-type: none"> Draft national strategy based on adopted industry standard framework by Q2, 2021. Publish national strategy by Q3, 2021. 	To have functional strategies and an incident response team to maintain safe and secure networks that instil digital confidence in all members of society and ensuring that individuals, businesses, and



<p>resilience of critical ICT infrastructure by end of 2022.</p>	<ul style="list-style-type: none"> Operational information sharing Cyber Incident Response Team. 	<ul style="list-style-type: none"> Draft framework and operating model to establish Incident Response Team by Q3 2021. Establish MOU with stakeholders to establish and resource the entity by Q4 2021. 	<p>government agencies are protected from online threats and disruptions.</p> <p>CIRT becomes household name in which the general public relies on and reference regularly.</p>
<p>Advance the protections for consumers by implementing regulations and standards that define consumers' rights. Q2 2021.</p>	<ul style="list-style-type: none"> Consult with Government stakeholders on draft Consumer Protection Regulations. Q1 2021. Publish and bring into force consumer protection regulations. Q2 2021. 	<ul style="list-style-type: none"> Consumer Protection regulations are in place by Q3 2021. 	<p>Consumers are protected from abuse by service providers.</p>
<p>Strategic Focus: Protection of Infrastructure / Innovation</p>			
<p>Service Activity/Key Objective</p>	<p>Outputs</p>	<p>Key Performance Indicators</p>	<p>Outcomes</p>
<p>Design a framework for establishment of Internet Exchange Points to ensure that all local internet traffic remains in the jurisdiction by second quarter of 2021.</p>	<ul style="list-style-type: none"> Licence issued to an IXP operator. IXPs establish an alternate point of interconnect for international connectivity IXP introduce multiple content providers to jurisdiction. 	<ul style="list-style-type: none"> Draft and consult on the Cabinet directive to keep all local internet traffic within the jurisdiction. Including assessment of suitable options/ to achieve objective. (COMPLETED) 100% of local internet traffic is exchanged between internet service providers and 100% of that local traffic does not leave the jurisdiction by Q3 2021 	<p>Establishment of an IXP that facilitates the exchange of local IP traffic between all Internet Service Providers.</p> <p>Local traffic remains local.</p> <p>IXP introduce multiple content providers to jurisdiction</p>



		<ul style="list-style-type: none"> • Issue a determination on IXP framework/ peering by Q1 2020. • Issue licence to IXP provider by end of Q1 2021. • All ISPs connected and exchanging local IP traffic by end of Q2 2021. 	
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Strategic Focus: Industry Development			
Service Activity/Key Objective	Outputs	Key Performance Indicators	Outcomes
Map ICT network development and services in the Islands, including critical national infrastructure, to understand where the Islands stand with regard to the quality and accessibility of networks and services to inform national policy development aimed at further developing the Islands digital ecosystem, by 2023	<ul style="list-style-type: none"> • Ability to leverage the facts of the profile/map to identify key areas for innovation and investment. • Contract with consultant and commence mapping exercise towards provision of related report. 	<ul style="list-style-type: none"> • Develop TOR for mapping exercise by engaging with stakeholders and SMEs by Q3, 2021. • Develop an RFP to procure the services of a consultant to undertake the mapping exercise to map the ICT network by Q3, 2021. • Launch mapping exercise by Q4 2021. • Publish report on findings of mapping exercise with recommendations. To form part of the work in 2022 	<p>Existence of complete ICT service and development profile and map for use by stakeholders.</p> <p>Reduced risk of damage to infrastructure</p>
Strategic Focus: Investment			



Service Activity/Key Objective	Outputs	Key Performance Indicators	Outcomes
Regularise and improve the policies and availability of the .ky domain to increase attractiveness of the domain by midyear 2021.	<ul style="list-style-type: none">• Increase in domain registrations by 25% Onboard at least two new registrars• Finalise pricing model for short-string character domains• Review and amend .ky policies including policy on releasing short-string character domains by Q2 2021.	<ul style="list-style-type: none">• Execute the agreement with GoDaddy for onboarding of additional registrars by Q1, 2021.• Develop a marketing plan to promote the .KY domain by Q3, 2021.• Launch Marketing program by Q3, 2021.	To improve the general attractiveness of the .ky domain by on boarding new registrars and issuing short-string domains. Increased awareness of the name space and in turn sales/registrations of .ky domains.

Water Sector

The following are the Office's objectives for regulating the Water Sector in 2021.

a. Security of Supply / Critical national Infrastructure (CNI)

Establish a mechanism and framework for the protection of Critical National Infrastructure ("CNI") to be in place by end of Q1, 2022 (involves work to be done during 2021).

b. Customer Service Standards

Create and implement Customer Service Standards & Guidelines by Q4 2021.

c. Regulatory Framework / Legal

Complete and implement the Water Sector Regulation Law Regulations.

- i. Complete the licence negotiations with Cayman Water Co. Ltd and issue new licence.
- ii. Commence and grant licences to Water and Wastewater Operators and Water Production and Suppliers for a defined area.
- iii. Conduct a Cost-of-Service Study (COSS) on the Water Authority Cayman (WAC) to determine the entity's overall efficiency in relation to its operations and to ensure the utility provides service at the most efficient cost.
- iv. Commence licence negotiations with Water Authority Cayman for the award of a Water Producer and Supply Licence and also a Wastewater Operator's Licence.



Water Sector Goals

Table 4: Water Sector Objectives, Outcomes and KPIs

Strategic Focus: Regulatory framework / Legal				
Regulation				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Regularly review international regulatory practices and adopt and implement measures to ensure existence of best practice regulatory regime.		<ul style="list-style-type: none"> Regulate the activities of Licensees' undertaking to ensure they are operating safely and within their licence requirements. Develop our team to ensure their skills continue to deliver best practice and quality at all levels. Conduct Regulatory Impact Assessments (RIAs) on decisions that affect stakeholders. OfReg will continue to engage with other regulators to ensure its regulatory model attains/remains best practice. Review and determination of the regulatory framework for the provision of water to fire hydrants and emergency services by water licensees. 	<ul style="list-style-type: none"> 50% of staff trained on best regulatory practices by end of Q4, 2021 Completed RIAs by end of Q4, 2021. Implement 100% of compliance and enforcement tools by mid Q3, 2021 Implement Water Sector (Licence, Fee, Offence and Penalty) Regulations (WSRs) by Q2 2021. 	Stable, effective and accountable Government.
Strategic Focus: Regulatory Framework / Legal				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Complete and implement the Water Sector Regulation Law Regulations to ensure effective monitoring and regulation of the water sector by Q2 2021		<ul style="list-style-type: none"> Complete the licence negotiations with Cayman Water Co. Ltd and issue new licence. Commence and grant Commence and grant licences to Water and Wastewater Operators and Water Production and Suppliers for a defined area. Conduct a Cost-of-Service Study (COSS) on the Water Authority Cayman (WAC) to determine the entity's overall efficiency in relation to its 	<ul style="list-style-type: none"> CWC licence issued by Q2, 2021. Results of Cost-of-Service Study (COSS) implemented by Q2, 2021. Advanced negotiations and issuance of Water Producers & Supply (WPS) licence to Cayman Water Company Ltd. (CWC). Completed and promulgated regulatory framework for the Water Authority 	<p>An effective and sustainable water services industry</p> <p>Prevent water service providers from abusing their monopoly power</p>



	<p>operations and to ensure the utility provides service at the most efficient cost.</p> <ul style="list-style-type: none"> Commence licence negotiations with Water Authority Cayman for the award of a Water Producer and Supply Licence and also a Wastewater Operator's compliance. 	<p>Cayman (WAC), and award of Water Producers & Supply (WPS) licence and wastewater licence to WAC by end of Q4, 2021</p> <ul style="list-style-type: none"> Completed procedures for the issuance of "Operator licences" by Q3, 2021. 	<p>ensure customers are provided with good quality services</p> <p>Growing a strong economy to help families and businesses;</p>	
Strategic Focus: Compliance				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
<p>Receive/review and collate annual compliance data from Licensees to monitor service providers adherence to standards and rules.</p> <p>Ensure networks are benchmarked internationally to drive efficiency gains.</p>		<ul style="list-style-type: none"> Establish Accounts Separation Rules for the water sector. Conduct ex-ante reviews of CWC's and WAC's 5-year Capital Investment Plans (CIP) projects. Conduct review of CWC's and WAC's Customer Satisfaction Surveys (CSS). Ensure fairness and transparency for consumers via enhanced monitoring and enforcement of Licensees' activities. Investigate and prosecute Licensees who break the law. Implementation of water sector performance standards that will allow the Office to assess the level of service improvements provided by CWC and WAC to their customers over time. 	<ul style="list-style-type: none"> Completed and published determination on Regulatory Accounting Rules (RARs) by end of Q3. Completed review of authorised Capital Investment Plan (CIP) projects. Establishment of a 'fit for purpose' framework for indicating projects' results by mid Q4. To facilitate an evaluation of efficiency of both CWC and WAC. Key trends recorded in annual review of CWC's and WAC's Customer Satisfaction Surveys by end of Q2. 100% of illegal activity related to regulation of Licensees investigated by end of Q4. Established performance standards and monitoring of CWC's and WAC's performance against key metrics. 	<p>Stable, effective and accountable Government.</p>
STRATEGIC FOCUS: National Energy Policy				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes



<p>Establish regulatory guidelines and procedure to support and give effect to the National Energy Policy (NEP).</p>	<ul style="list-style-type: none"> Review regulatory policies, rules, regulations and decisions on water production and supply to assess how they support Cayman's NEP objectives. Review water capacity and sources of fuel to ensure security of supply The facilitation and adoption of water efficiency and demand side management programmes that help consumers lower their water and wastewater bills. Creation and introduction of an energy rating system to assess the efficiency of onsite wastewater treatment systems. 	<ul style="list-style-type: none"> Comprehensive review of energy efficiency and conservation initiatives in the water sector, and made necessary changes to policy, laws, and regulations by Q 4. Access to affordable water for irrigation purposes for small farmers and other stakeholders wanting to use this resource by Q 4. Introduction of an energy rating system that is constantly used to assess the efficiency of onsite wastewater treatment systems by Q4. 	<p>Growing a strong economy to help families and businesses;</p>	
<p>Strategic Focus: CUSTOMER – Consumer Protection</p>				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
<p>Implement a Water Services Code of Conduct (Customer Service Standards) that water producers and suppliers shall comply with. Work with water utilities to ensure that, as monopoly providers, they strive to achieve and improve a high level of customer service that responds to customer needs and desires.</p> <p>Create and implement Customer Service Standards & Guidelines by Q4 2021</p>		<ul style="list-style-type: none"> Consultation paper and determination in relation to Consumer Protection Regulations (Energy and Utilities Sectors). Publication of Customer Service Standards and Guidelines Monitored compliance with customer performance indicators to incentivise increased customer satisfaction amongst water and wastewater consumers. 	<ul style="list-style-type: none"> Published consultation on Consumer Protection Regulations by mid Q3. Established Water Services Code of Conduct (Customer Service Standards) by mid Q4. By 2021 all Licensees submit complaint statistics reports e.g., time taken to resolve consumer complaints. 	<p>Transparent regulatory framework to ensure a safe, adequate, efficient, reasonable and non-discriminatory service for consumers. Stable, effective and accountable Government. Good quality of service to consumer</p>



Strategic Focus: Critical National Infrastructure				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Establish a mechanism and framework for the protection of Critical National Infrastructure ("CNI") to be in place by end of Q1 2022 (involves work to be done during 2021).		<ul style="list-style-type: none"> Reliable, resilient and adaptable infrastructure that has appropriate measures to minimise disruption of supply in the event of unexpected adverse events Licensees have functional and proven Business Continuity Plans (BCPs). Conduct stakeholder consultation (include Ministry CPI) on water security to strategically identify the threats, vulnerabilities and risks to CNI and the challenges and opportunities for the protection of CNI over the short, medium and long term. Publication of final methodology. 	<ul style="list-style-type: none"> Accurately defined performance/operational manual/procedure in place and adherence program implemented by mid 2021. Framework to report systems attacks and mitigation success/failure fully implemented by Q4 2021. Framework to share information and understand cross sector dependencies fully implemented by Q4 2021. Discrete number of sites/equipment clearly identified, expectations communicated and maintained as CNI Sites perform as expected before, during/after emergencies based on defined performance criteria. Licensees submit independently verified Business Continuity Plans (BCPs) by Q2. 	Critical National Infrastructure are efficiently and safely operated, reliable with adequate redundancy to ensure resiliency during and after all conditions, adverse or normal
Innovation				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Design and implement the regulatory frameworks to support and give effect to the applicable water sector strategies under the NEP. Leverage technological advances in the international water and wastewater sectors to stimulate economic development.		<ul style="list-style-type: none"> Implementation of new and innovative technologies in water production and wastewater treatment technologies (ongoing). 	<ul style="list-style-type: none"> Address existing regulatory matters relating to existing licensing, connection and charging policies by Q4. 	Growing a strong economy to help families and businesses;

E. 2020 Key Performance Indicators

26. In line with good corporate practice, and to ensure accountability to relevant stakeholders, the Office proposes to evaluate its overall effectiveness through the adoption of key performance indicators ("KPI").
27. In 2020, the Office will measure and monitor its performance using the KPI's listed in Table 1.

Table 5: The Office's 2020 Key Performance Indicators

Category	KPI Description	Measure	Period
Statutory Obligations	Compliance with statutory obligations in URC Law and Sector Laws	100%	Per statute
	Compliance with other statutory obligations	100%	Per statute
Finance Functions	Budget accuracy – Accuracy of the budget to the annual actual outcome	±15%*	Annually as measured from audited statements
	Submission of quarterly accounts to Board of Directors	100%	Jan – Mar (April) Apr – Jun (July) Jul – Sep (Oct) Oct – Dec (Jan)
	Regulatory Fees		
	Management of Payables	85%	Invoices paid within specified periods
Regulatory Agenda	Clean, unqualified external audit	100%	Annually
	Completing the rolling regulatory agenda on schedule	100%	Measured against Annual Plan
Commitment to our People	Positive value for money and triennial performance audit Impact	100%	Measured against Regulatory Impact Assessments
	Investment in training and development as a percentage of staff payroll	10%	Annually
	Percentage of roles held by Caymanians or those with Permanent Residency vs. work permit holders	85%**	Annually
Commitment to Consumers	Succession plans for key positions in place updated biennially	100%	Every two years
	Effectiveness of our Communications programmes***. Consultation		
	At least one executive member interaction with the public per month	1	Monthly
	Quarterly press updates on Office activities	1	Quarterly

*2018 is first 12-month budget year. Accuracy is anticipated to increase with historical data.

**Until sufficient historical data is available to make a more informed decision.

***KPI will be determined by mid-2020.

F. Budget and ensuring value for money

28. The Office's financial year is aligned with the calendar year.

2021 Revenues

29. The Office is an amalgamation of the ICTA, ERA and PI and its remit has been expanded to include responsibility for regulating the water and fuels sectors.

30. Pursuant to the URC Law and Sectoral Laws and according to best practices in other jurisdictions, it is anticipated that each sector shall as far as possible and reasonable bear the Office's costs for regulating that sector and all overheads and other common costs should be allocated transparently across the sectors. In allocating costs and expenses, the Office shall use its best endeavours to allocate directly incurred costs and expenses to the regulated sector to which they relate or where relating to a number of regulated sectors, to each of the regulated sectors to which they relate in proportion to the burden from each of the regulated sectors. Indirectly incurred costs and expenses shall be allocated on a reasonable and transparent basis.

31. The guidance from the URC Law and Sectoral Laws as well as practices established by the legacy regulators is that:

- a. The Office's revenues are primarily derived from regulatory fees pursuant to the Sectoral Laws;
- b. The regulatory fees are expected to remain stable over the medium term and should cover the costs of regulating the respective sector;
- c. The level of regulatory fees is prescribed in licences; and
- d. It is intended the Office shall establish and maintain a reserve fund.

32. The Office believes this is a prudent approach for revenue generation that will allow it to plan with greater certainty over the short to medium term.

33. In 2021, the following new expenses will have to be covered by revenue:

- a. Cost of Service Study (COSS) for the Electricity sector;
- b. Value of Solar Assessment for the Electricity sector;
- c. Cost of Service Study (COSS) for the Water sector; and
- d. Relocation of Office Facilities

34. Accordingly, it is anticipated the Office's revenue requirements from Licences (i.e., regulatory fees in electricity, ICT and water sectors, and regulatory fees and import permit fees in the Fuels sector) for 2021 will be forecasted at \$6.0 million, which is approximately \$0.9 million greater than the \$5.1 million in revenue forecasted for 2020. The Office projects total revenue of \$5,984,065 for 2021, and a forecasted surplus of \$327,439. Planned contributions to the Reserve Funds for 2020 is \$200,000.
35. The Office's total revenue originally budgeted for 2020 was \$6.53 million and the total revenue originally budgeted for 2021 was \$6.63 million. Forecasted revenue 2021 is lower than the original budget due mainly to lower revenue from the Water sector. The Water Sector (Licence, Fee and Penalty) Regulations, which will enable the Office to levy regulatory fees has not been approved by Cabinet as yet. The previously budgeted Regulatory Fee amount for the Water Sector of \$1.2 million was based on the Office's ability to levy regulatory fees. The Office anticipates that these Regulations will be approved during 2021.
36. Table 1 compares the Office's 2020 forecasted revenue to the 2021 forecasted revenue from Licences while Table 2 compares total forecasted revenue per year per sector:

Table 6: 2020 Forecast and 2021 Forecast Revenue from Licences
(in Cayman Islands Dollars)

Sector	2020 Revenue	2021 Revenue
ICT	2,002,679	2,237,338
Electricity	1,219,325	1,200,000
Fuels	132,833	90,000
Water	-	635,862
Combined	3,354,837	4,163,200

Table 7: 2020 Forecast and 2021 Forecast Total Revenue
(in Cayman Islands Dollars)

Sector	2020 Revenue	2021 Revenue
ICT	2,218,442	2,548,019
Electricity	1,251,053	1,262,815
Fuels	1,371,791	1,526,438
Water	277,896	646,794
Combined	5,119,182	5,984,066

37. The only assured revenue streams available to the Office are through the levying of regulatory fees, and output fees from Cabinet to cover the regulator's costs in the fuel sector. Therefore, in order to ensure sector revenue streams, meet requirements, the Office must modify the ICT fee structures and introduce appropriate measures for the water and fuels

sectors. The Office intends to adopt the following strategies to meet its medium-term revenue requirements:

- a. For the ICT sector, remove the \$600,000 cap in regulatory fees;
- b. For the water sector, complete negotiations with CWC and the WAC to provide for regulatory fees of \$1,200,000;
- c. For the fuels sector, work is ongoing for the introduction of long-term sustainable funding; and
- d. Across all sectors, proactively monitor licensee compliance and vigorously pursue & enforce compliance with licence conditions, regulations, and provisions of the various applicable laws.

2021 Expenses

Combined Expenditures

38. The Office's total combined operating expenses originally budgeted for 2020 was \$5.5 million and the total combined operating expenses originally budgeted for 2021 was \$5.5 million. Forecasted operating expenses for 2021 are higher than the original budget due mainly to the delay of certain 2020 expenditure as a result of the COVID-19 pandemic.

39. Table 3 compares 2020 forecast operating and capital expenditures to the 2021 forecast operating and capital expenditures for the Office.

Table 3: Combined 2020 and 2021 Forecast
(in Cayman Islands Dollars)

Expenses	Forecast 2020	Forecast 2021
Staff Payroll	2,467,193	2,700,056
Directors' Fees	183,243	182,400
Consultancy & Professional Fees	268,414	683,399
Legal Fees	49,430	85,000
Travel and Subsistence	9,370	20,175
Lease of Property & Equipment and Utilities	152,652	236,866
Training	14,449	103,525
Insurance	39,895	46,440
Employee Health Insurance	685,907	576,113
Pension Contributions	299,382	341,880
Depreciation	56,284	91,557
IT Services	79,967	182,888
Other Staff Costs	71,894	128,650
Other Operating Expenses	215,816	277,675
Total Combined Operating Expenses	4,593,896	5,656,624
Capital Expenditures	22,000	443,000

40. The Office's total combined operating expenses for 2021 will be up CI\$1.1 million from \$4.6 million forecasted for 2020. The increase is due mainly to higher Staff Payroll, Consultancy Fees and Employee Health Costs. Explanations of significant changes from Table 3 are set out below:

- a. *Staff Payroll* will increase by 9% due mainly to the addition of three new staff members planned for 2021.
- b. *Consultancy Fees* will increase by \$414,985 due to a COSS and a Value of Solar assessment planned for the Electricity Sector and COSS planned for the Water sector. The Fuels Sector will continue work on the Market Assessment which was delayed as a result of the COVID-19 pandemic.
- c. *Training Costs* are up by \$\$89,076 to \$103,525 due to the inability to carry out scheduled training overseas in 2020 as a result of the COVID-19 pandemic. The planned training that was scheduled for 2020 has been rescheduled for 2021.
- d. *Employee Health Insurance* costs are down by 16% when compared to 2020 due to the higher costs related to the introduction of the post-retirement health care plan being incurred in 2020.
- e. *Pension Contributions* are up by 14% due mainly to the addition of three new staff members.
- f. *IT Costs* are up by \$102,921 due to upgrades to technology which includes software licensing costs for ICT related systems.

Budgeted capital expenditures are up \$443,000 in 2021. Over 50% of the capital expenditure in 2021 is related to the purchase of fixed assets for the fuels sector and 34% relates to leasehold improvements.

Sectoral Expenditures

41. For the ICT sector, Table 4 shows budgeted operating expenditures up by 12% for 2021 to \$2,313,087.

Table 4: ICT Sector 2020 and 2021 Forecast
(in Cayman Islands Dollars)

Expenses	Forecast 2020	Forecast 2021
Staff Payroll	1,180,020	1,161,515
Directors' Fees	91,528	76,661
Consultancy & Professional Fees	52,020	153,965
Legal Fees	41,882	60,000
Travel and Subsistence	4,063	5,000
Lease of Property & Equipment and Utilities	74,096	103,726
Training	11,146	33,503

Expenses	Forecast	Forecast
	2020	2021
Insurance	19,644	19,518
Employee Health Insurance	229,324	263,597
Pension Contributions	142,810	148,041
Depreciation	27,897	26,781
IT Services	39,549	128,460
Other Staff Costs	14,068	15,172
Other Operating Expenses	135,485	117,148
Total Combined Operating Expenses	2,063,532	2,313,087
Capital Expenditures	11,000	82,000

42. Explanations of significant changes in ICT sector expenses from Table 4 are set out below:

- a. *Consultancy & Professional Fees* are up by \$101,945 to \$153,965 due to the planned retention of legal regulatory specialist support and also as a result of the Significant Market Power Assessment that will be completed in 2021;
- b. *Training Costs* are up by \$22,357 to \$33,503 due to the inability to carry out scheduled training in 2020 as a result of the COVID-19 pandemic.
- c. *Employee Health Insurance* costs are up by 15% when compared to 2020 due to a significant increase in health insurance premiums during Q3 2020, which will result in a full year of increased costs in 2021. A moderate increase in premiums is also anticipated for 2021.
- d. *IT Costs* are up by \$88,911 due to set up costs expected to be incurred in 2021 for upgrades to technology including software licensing costs.

43. Table 5 shows budgeted operating expenditures for the electricity sector up 39% for 2021 to \$1,145,451.

Table 5: Electricity Sector 2020 and 2021 Forecast
(in Cayman Islands Dollars)

Expenses	Forecast	Forecast
	2020	2021
Staff Payroll	474,907	565,090
Directors' Fees	39,962	37,009
Consultancy & Professional Fees	24,242	161,052
Legal Fees	1,442	-
Travel and Subsistence	4,897	4,500
Lease of Property & Equipment and Utilities	34,397	46,599
Training	988	19,433
Insurance	8,824	9,423

	Forecast	Forecast
Expenses	2020	2021
Employee Health Insurance	90,645	123,667
Pension Contributions	58,414	72,314
Depreciation	12,369	12,905
IT Services	17,591	19,050
Other Staff Costs	27,232	29,325
Other Operating Expenses	29,976	45,084
Total Combined Operating Expenses	825,887	1,145,451
Capital Expenditures	4,840	38,950

44. Explanations of significant changes in electricity sector expenditures are set out below:

- a. Staff Payroll is projected to experience an increase due mainly to the allocation of staff costs in this sector. While total staff payroll costs have increased for the Office, it is anticipated that staff from the Electricity Sector will dedicate less time to the Water Sector in 2021. The water sector is expected to hire one new staff member in 2021.
- b. *Consultancy and Professional fees* have increased by \$136,810 as a result of engaging external expertise to assist with the completion of Value of Solar assessment and a COSS.
- c. *Training* expense has increased by \$18,445 to \$19,433 in 2021 due to the inability to carry out scheduled training in 2020 as a result of the COVID-19 pandemic.
- d. *Employee Health Insurance* costs are up by 36% when compared to 2020 due to a significant increase in health insurance premiums during 2020 and the anticipated change in allocation of staff costs in this sector.

45. For the fuels sector, Table 6 shows budgeted operating expenditures up 23% for 2021 to \$1,499,717.

Table 6: Fuels Sector 2020 and 2021 Forecast
(in Cayman Islands Dollars)

	Forecast	Forecast
Expenses	2020	2021
Staff Payroll	508,714	675,032
Directors' Fees	39,307	52,870
Consultancy & Professional Fees	142,756	207,217
Legal Fees	4,637	-
Travel and Subsistence	376	5,675
Lease of Property & Equipment and Utilities	33,894	66,570
Training	2,191	32,761

Expenses	Forecast	Forecast
	2020	2021
Insurance	8,679	13,461
Employee Health Insurance	315,684	131,112
Pension Contributions	60,703	83,704
Depreciation	12,166	46,340
IT Services	17,348	27,214
Other Staff Costs	28,629	59,289
Other Operating Expenses	44,126	98,472
Total Combined Operating Expenses	1,219,210	1,499,717
Capital Expenditures	4,620	293,350

46. Explanations of significant changes in fuels sector expenditures shown in Table 6 are set out below:

- a. *Staff Payroll* has increased in 2021 by 33% as a result of one new hire and the replacement of one fuel inspector who vacated the post in May 2019. The fuel inspector post remains vacant as of 31 December 2020.
- b. *Consultancy & Professional Fees* increased by 45% to \$207,217 due to delays experienced with planned consultancy projects for 2020. The Fuels Market Assessment, Fuel Standards Implementation and the certification of fuel personnel were planned projects for 2020 that have experienced delays and carried forward into 2021.
- c. *Training* expenses increased by \$30,570 to \$32,761 due to the inability to carry out scheduled training in 2020 as a result of the COVID-19 pandemic;
- d. *Employee Health Insurance* is down by 58% due to the costs of the implementing the post-retirement health care plan in 2020 for former employees of the Government.
- e. *Depreciation* has increased by \$34,174 as a result of planned capital expenditures to drive a higher level of safety and compliance across the industry in accordance with the Dangerous Substances Law (2017);
- f. *Other Staff Costs* has increased by \$30,660 due to forecasted work permit costs for two positions in the sector; and
- g. *Other Operating Expenses* are up by \$54,346 due to increases in maintenance costs, subscriptions and membership fees.

47. Table 7 shows water sector budgeted operating expenditures up by 44% for 2020 to \$698,370.

Table 7: Water Sector 2020 & 2021 Forecast
(in Cayman Islands Dollars)

Expenses	Forecast	Forecast
	2020	2021
Staff Payroll	303,551	298,419
Directors' Fees	12,447	15,861
Consultancy & Professional Fees	49,395	161,165
Legal Fees	1,469	25,000
Travel and Subsistence	33	5,000
Lease of Property & Equipment and Utilities	10,265	19,971
Training	124	17,828
Insurance	2,748	4,038
Employee Health Insurance	50,254	57,737
Pension Contributions	37,454	37,821
Depreciation	3,853	5,531
IT Services	5,479	8,164
Other Staff Costs	1,965	24,864
Other Operating Expenses	6,229	16,971
Total Combined Operating Expenses	485,266	698,370
Capital Expenditures	1,540	28,700

48. Explanations of significant changes in water sector expenditures in Table 7 are set out below:

- a. *Consultancy & Professional fees* have increased by \$111,770 due to a planned COSS and to engage external expertise to assist with the license negotiations for the Cayman Water Company (CWC) and the Water Authority Company (WAC);
- b. *Training* expenses increased by \$17,704 due to the inability to carry out scheduled training in 2020 as a result of the COVID-19 pandemic and the delay in hiring new staff members;
- c. *Employee Health Insurance* expense is up by \$17,704 due to the addition of a staff member for this sector and an anticipated increase to health insurance premiums;
- d. *Other Staff Costs* has increased by \$22,889 due to budgeted work permit costs for the new senior position in the sector;

Executive and Non-Executive Remuneration

49. In accordance with the Office's statutory obligations in section 41(2)(d) of the URC Law, Tables 8 and 9 show the level of Executive and Non-Executive remuneration in 2020 and 2021 respectively.

Table 8: Forecasted Executive and Non-Executive Remuneration in 2020
(in Cayman Islands Dollars)

	ICT	Electricity	Fuels	Water	Combined
Executive	222,455	182,947	240,845	123,626	769,873
Non-Executive	91,478	39,955	39,012	12,511	182,956
Total	313,933	222,902	279,857	136,137	952,829

Table 9: Forecasted Executive and Non-Executive Remuneration in 2021
(in Cayman Islands Dollars)

	ICT	Electricity	Fuels	Water	Combined
Executive	290,760	167,772	256,499	159,540	874,571
Non-Executive	72,460	34,981	49,973	24,986	182,400
Total	363,220	202,753	306,472	184,526	1,056,971

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