

2022 Annual Plan



UTILITY REGULATION AND COMPETITION OFFICE

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ABBREVIATIONS AND ACRONYMS

BCL	Border Control and Labour
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 Act (as revised)
EIA	Environmental Impact Assessment
ENS	Emergency Notification System
ERA	Electricity Regulatory Authority
EAS	Emergency Alert System
EPC	Energy Policy Council
ESR Act	Electricity Sector Regulation Act (as revised)
EV	Electric Vehicles
FMR Act	Fuels Market Regulation Act
GHG	Greenhouse gas
ICT	Information and Communications Technology
ICTA	Information and Communications Technology Authority
ICT Act	Information and Communications Technology Act (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
PAA	Public Authorities Act (as revised)
PI	Petroleum Inspectorate
PV	Photovoltaic
RE	Renewable Energy
RFP	Request for Proposal
SME	Subject Matter Expert
TOR	Terms of Reference
URC Act	Utility Regulation and Competition Act (as revised)
WAC	Water Authority-Company
WSR Act	Water Sector Regulation Act (as revised)

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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 for 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:

To ensure safe, reliable, and economic public utilities to businesses and 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 Act (as revised) (the '*URC Act*'). The Public Authorities Act (as revised) ('*PAA*'), 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 Acts, the principal ones being the Electricity Sector Regulation Act (2019 Revision) (the '*ESR Law*'), the Information and Communication Technology Act (2019 Revision) (the '*ICT Act*'), the Dangerous Substances Act (2017 Revision) (the '*DS Act*'), the Fuels Sector Regulation Act 2017 (the '*FSR Act*') and the Water Sector

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

Regulation Act (as revised) (the 'WSR Act'), as these may be amended from time to time (together, the 'Sectoral Laws').

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

Section 41(1) of the URC Act 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 revised its Strategic Plan covering the period 2021 - 2025, designed to guide the Office's short and medium-term focus in each of the sectors for which it has responsibility, as well as institutional reinforcements to help support Government's strategic 2022-2024 priorities.

In accordance with the requirements of section 44(4) of the URC Act, the Office commenced the review and revision of the 2018-2022 Strategic Plan in Q3 of 2020, this review was completed in Q2 of 2021 intended to set out, at high level, the priorities, objectives as well as outcomes the Office seeks to achieve over 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 2022-2024 strategic policy statement and National Energy Policy. 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 2022 Annual Plan, outlines OfReg's work programme and budget for the period. The composition of the plan is generally informed by OfReg's statutory provisions, the mission and vision of the organisation and our strategic goals and objectives which are informed by government's policies and priorities. Important elements for the 2022 plan are designed to enable OfReg to develop the requisite institutional mechanisms to improve employee and customer engagement, implement standard operating procedures, facilitate innovation through enablement of a conducive environment for ideas and actions, and adopting new ways of thinking and behaviours, either incrementally or radically.

OfReg is committed to the promotion of competition where practical and feasible; and improve engagement with its stakeholders, and especially consumers, by improving our methods of communicating to enhance understanding, for more effective feedback and to satisfy their needs but also to provide clarity of our role, duties, and functions. Emphasis will be placed on improved protection for consumers through the establishment of Consumer Councils, to advise on issues of significance to 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 Act, this document is the Office's 2022 Annual Plan which, along with the National Energy Policy and any other applicable Government policy, and government's strategic

policy statement 2022-2024, will guide the Office's work in 2022 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 2022 that were prepared in 2020 in-line with the Government's two-year budget cycle. Consistent with its obligation under section 41 of the URC Act, 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 the formulation of this Plan, OfReg gave special attention to the following areas, building on the progress and achievements of 2021:

- Modernise the licensing and regulatory frameworks across all of the sectors to facilitate investment, innovation and development in the respective sectors under OfReg's remit. The priority for the Office being the protection of consumer interests. The Office will focus on delivering better outcomes for consumers by placing more emphasis on consumer protection, which is to be enhanced by the establishment of Consumer Councils, and promoting as far as possible, competition in the regulated sectoral markets.
- Implement strategies and policies to facilitate efficient use of the Islands communications infrastructure to enhance security, reliability, resiliency and connectivity.
- Enhancement of the compliance methodology and framework.
- Establish a national strategy mechanism and framework for the protection of Critical National Infrastructure ("CNI") to improve system resiliency and reliability. In this regard, focus will be placed on Cyber Security initiatives to enhance overall capabilities and risk mitigation measures across the regulated sectors.
- Implement regulatory frameworks and measures to support and give effect to the National Energy Policy (NEP). Specifically, the acceleration of the uptake of utility scale renewable energy is a strategic imperative for the Office.
- Spectrum Harmonisation - preparation and assignment of high demand and essential use spectrum, to support efficient, reliable and responsive radiocommunications and broadcast services in the national interest.
- 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.
- Development of a vibrant and competitive Fuels sector by recommending market intervention options, implementing fuel quality and assurance standards, and establishing a framework for an enhanced and innovative fuel matrix.
 - Innovative technologies in water production and wastewater treatment. (ongoing); and leverage advances in technology in the international water and wastewater sectors to advance NEP initiatives and stimulate economic development.
 - Advise on policy and establish a comprehensive regulatory framework for wastewater, the beneficial reuse of wastewater treatment products (effluent and bio solids) as a source of irrigation water, soil amendment and biogas generation.
 - 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.
 - Improving the Stakeholder Engagement Framework that enables OfReg to communicate and engage all its stakeholders efficiently and regularly.

The Office proposes to undertake several major activities in 2022 related to each of the regulated sectors. Activities that were not completed in 2021 will be rolled over into 2022, where appropriate.

The Office also proposes changes to the URC Act, related to governance and management structure as well as making improvements and strengthening the enforcement powers of the Utility Regulation and Competition Office ("OfReg"). Proposed changes will also address conflicts, omissions and or duplication in legislation and other legacy issues. The various sectoral laws and regulations are also slated for improvement, as part of a comprehensive legislative amendment undertaking.

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, 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 Electricity sector, the Office recognises the need and urgency for promoting implementation of utility scale renewable energy technologies into the energy mix, given the obligation and commitment to meeting the aggressive targets established in the National Energy Policy. The Office projects significant amounts of utility solar PV will be facilitated. Having now finalised the Determination on the Renewable Energy Auction Scheme (REAS). REAS will ensure a transparent and competitive bidding process for large scale solar PV systems with the potential to attract competitively priced electricity for addition to the grid.

On November 3, at COP26, held in Glasgow, OfReg joined the "Global Regulatory Accelerator for Energy Transition," a network of energy regulators across the globe, along with renowned energy partners and supporters of sustainable energy. OfReg will work alongside and in partnership with peers to leverage the global diversity of regulatory skills, knowledge, and expertise in a meaningful way to overcome the barriers to decarbonising our energy system.

The Office commenced the process 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.

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. Cyber resiliency will be emphasised given the increasing prevalence of cyber incidents worldwide, and the need to ensure adequate measures are in place to prepare for, respond to and recover from **cyber** attacks.

The Office will focus on the drafting and implementation of Customer Protection Regulations to protect electricity consumers from unfair business practices and to ensure licence providers deliver services in accordance with the standards and conditions in place.

In the Fuels sector, the Office has completed the Fuel Market (Definition & Competition) Assessment and is in the process of finalising the recommendations to Cabinet, for consideration and implementation. Once implemented, the Office will develop a framework for monitoring the efficiency and effectiveness of the regulatory intervention's options. 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, and accordingly, National Fuel Quality Standards have been developed and implemented for certain fuels in 2021, to ensure accessibility of quality fuels to all consumers. To enforce and support this objective, the establishment of local fuel quality testing and laboratory capability is underway for full implementation in 2022, this is intended to increase frequency of testing and to ensure conformity with established standards. As part of its mandate, the Fuel Standards Committee will be developing a policy framework for matters relating to emergency fuel importation, fuel standards exceptions, exempted fuels, and other matters relating to fuel standards and quality.

The Office will continue to promote the uptake of LPG as fuel for transportation while considering the significant shift toward EVs. The introduction of at least one LPG fuelling site on Grand Cayman as a pilot project has progressed and is anticipated to be fully on stream by mid - 2022. The 5 – Year review of the NEP will inform other policy changes to be made in the Fuels Sector.

As part of its consumer protection focus, the Office will implement Consumer Protection Regulations submitted to Cabinet for approval. The phased licensing framework for Retail facilities will be rolled out following the full implementation of the Licensing Framework for importers in the fuels sector.

Work will continue on the implementation of the comprehensive 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. A key objective of this strategy is to be forward-looking in order to prevent, mitigate, prepare, respond as well as recover from disruptions of CNI based on current and emerging risks/hazards.

In the ICT sector, the plan will focus on establishing a modernised regulatory 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. The modernisation of this framework will make provision for the licensing of cable landing stations, a government imperative and strategic objective. The demands on the system as evidenced by the COVID-19 lockdowns reinforces the need for improved and enhanced security, reliability, and resiliency, as such the Office will implement strategies and policies to facilitate efficient use of the communications infrastructure to support the foregoing system requirements. Activities will also be undertaken to promote the rollout and innovative use of fibre networks.

The Office will commence establishment of a forward-looking spectrum management framework to manage and provide industry with the ability to innovate and utilise the full potential of available spectrum in the national interest. Additionally, focus will be placed on concluding significant market power reviews aimed at ensuring effective competition in the ICT markets. Consumer protection

continues to be a major focus of the Office and having finalised the Consumer Protection Regulations we await the review of the Deputy Premier and consent in order to finalise 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 service 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) for the issuance of a new licence. The Office will commence granting of licenses to Water and Wastewater Operators and Water Producers and Suppliers, subject to the coming into force of the Water Sector (Licence and Fees) Regulations, submitted to the Ministry of BCL for Cabinet's approval. The Office will draft and implement Customer Protection Regulations 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. The establishment of a mechanism and framework for the protection of Critical National Infrastructure in the water sector, is also a priority for the Office.

We will commence licence negotiations with Water Authority Cayman (WAC) for the award of a Water Production and Supply Licence and also a Wastewater Operator's Licence. A Cost-of-Service Study (COSS) will be conducted on 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 operate, and therefore highlighted activities may not be realised as the Office may have to divert resources to respond to emergent issues, from time to time. We are cognisant of this need to be flexible and responsive but are also wary of existing resource gaps which are gradually being rectified. 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.

Our employees will be mainly responsible for allowing the Office to achieve the objectives laid out in this plan. We recognise the critical role employee engagement, training and development plays in the successful accomplishment of our goals.

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 the implemented performance management system, which seeks to promote and reward excellence thereby allowing the organisation to deliver exceptional regulatory services for the Cayman Islands.

Legal Framework

Principal Statutory Functions

1. The Utility Regulation and Competition Office is a statutory authority as defined by section 2 of the PAA. 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 Act sets out the principal statutory functions of the Office as set out in section 6(1) of the Act.

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 Act, 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 Act 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 Act 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 Act 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 Act.
7. The Office's powers and functions in the ICT sector are set out at section 9 of the ICT Act.
8. The Office's duties and functions in the fuel sector are governed by section 5 of the FSR Act. Sections 6 and 7 of the DS Act also set out some of the duties and functions of the Board of Directors applicable to the fuel sector and section 15 of the same Act, 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 Act. A number of other duties and functions are prescribed by various provisions in the Water (Production and Supply) Act (as revised) and the Wastewater Collection and Treatment Act (as revised).

Government Policy

While the Sectoral Acts provide a framework for the activities and priorities for the Office, each of the Sectoral Acts make explicit provisions for the Office to implement Government's Policy as provided in writing. The Office is mindful that the Government may issue policy directives of a general or specific nature from time to time.

10. 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 2021-2022

11. Other than the NEP, the Government has not issued formal sector policies, however, the Office has taken into account the following key government priorities for 2022-2024:

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

12. The Government's Strategic Policy Statement³ outlines Government's priorities for the financial years 2022 to December 2024.
 1. Improving education to promote lifelong learning and greater economic mobility.
 2. Ensuring an equitable, sustainable, and successful healthcare system.
 3. Providing solutions to improve the well-being of our people so they can achieve their full potential.
 4. Strengthening good governance for more effective government.
 5. Supporting climate change resilience and sustainable development.
 6. Increasing social justice in the workforce.
 7. Utilising sports to enhance the lives of our people.
 8. Building a modern infrastructure to ensure a successful future for our Islands.
 9. Improve our financial services as an industry, product, and economic driver for our islands.
 10. Improve our tourism, as an industry, product and, economic driver.
13. Accordingly, the Office has identified a number of objectives in each of the sectors, which, along with its 2021 – 2025 Revised Strategic Plan, support Government's 2022-2024 priorities.
14. Specifically, the Office's objectives in accordance with the general statutory functions as set out in the URC Act and other sector laws, will support the Government with the following four broad outcomes:
 - i. Providing solutions to improve the well-being of our people so they can achieve their full potential.
 - ii. Strengthening good governance for more effective government.
 - iii. Supporting climate change resilience and sustainable development.
 - iv. Building a modern infrastructure to ensure a successful future for our islands.

Overview of Activities for 2021

The Office completed the majority of the projects planned for 2021, several being multi-year projects which will continue into 2022 and beyond. There was loss in

³ CIG Strategic Policy Statement.

https://docs.google.com/viewer?url=https%3A%2F%2Fwww.gov.ky%2Fcontent%2Fpublished%2Fapi%2Fv1.1%2Fassets%2FCONT49D902EE57CA4D92B8B4860B96EF5785%2Fnative%3Fcb%3D_cache_e66d%26channelToken%3D4085fcf4c9bf3af4583d286a36c001b3

momentum on some decisions as a result of the delay in the appointment of a new board. Several multi-year projects continue to progress as planned, and the Office remains optimistic once these are finalised, they will yield enormous improvements to the economic regulatory framework and translate benefits to consumers and other stakeholders.

While the institutional strengthening work planned for 2021 did not materialise, the Office remains committed to improving service delivery and improve its stakeholder engagement process.

We commenced the redevelopment of the Office's website to better manage and enable business processes and the creation of a more appealing, informative and navigable website, where every customer contact would lead to action and meaning insight, thereby creating a more satisfying customer experience for all of our stakeholders. Our efforts to maximise this very important stakeholder engagement mode is envisioned to achieve our objectives through the leveraging of technology to improve our stakeholder engagement.

During 2021 work was undertaken to implement a network security solution to address risks and business performance of our IT Network infrastructure. The objectives of the IT network improvement project were to create a greenfield network to replace the legacy network; establish baseline policies and to mitigate data loss and data integrity risks and improved overall performance.

In order to better improve our consultation process, the Office commenced the revision of the Consultation Procedure Guidelines. An Internal Practical Guide to assist in the application of the Consultation Procedures was also developed.

The Office continues to commit to satisfying the recommendations of the Office of the Auditor General (OAG), Efficiency and Effectiveness Audit Report. Of the sixteen recommendations made to address deficiencies and challenges, the Office commenced necessary work to completing for implementation, ten of the recommendations. ERM and RIA frameworks will be complete in early 2022. The other recommendations have been progressed to the extent as circumscribed by the Office's legal authority, requiring the Ministry and Cabinet's consideration as well as other stakeholders to progress to completion.

The following major activities were accomplished during the Office's 2021 financial year:

Consultations:

In accordance with section 7 of the URCA (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 and determinations were published in 2021:

1. E&U 2021- 1 – Draft and Final Determination Proposed Renewable Energy Auction Scheme
2. E&U 2021 - 2 – Draft and Final Determination on Proposed Renewable Energy Capacity Reallocation and Tariff Setting
3. E&U 2020 – 3- Consultation on Consumer Protection Regulations
4. E&U 2021 – 3- Consultation and Final Determination on Proposed Distributed Generation Resource 3 MW increase.
5. FS 2021 - 1 – Draft and Final Determination on Proposed Fuels Market Definition
6. FS 2021 – 2- Draft and Final Determination on Proposed Fuels Market Economic and Regulatory Assessment
7. FS 2020 - 1 – Draft and Final Determination on Proposed Consumer Protection Regulations
8. ICT 2020 - 1 - Consultation and Final Determination on Internet Exchange Points (IXP) Regulatory Framework.

15. **Electricity**

The following accomplishments were achieved during FY 2021 relating to the Electricity sector:

- a. The Office issued its determination on the proposed Renewable Energy Capacity Reallocation and Tariff Setting (RECRTS). The determination concluded that 500 Kilowatts (kW) of capacity would be reallocated from the Distributed Energy Resources (DER) programme to the Customer-Owned Renewable Energy (CORE) programme. The tariff was established at \$0.175/kWh for solar PV systems 5kW and below, and a tariff rate of \$0.15/kWh for systems between 5kW and 10kW.
- b. In order to ensure solar PV capacity is available to electricity consumers to bridge the gap until the Battery Energy Storage System is installed, but also to support the local solar industry, the Office issued a Consultation Paper on proposed 3 MW capacity increase for distributed generation resource programmes. It was determined that this capacity be made available for both the CORE and DER programmes. The tariffs have been set at the same rates as those established for the 500-kW capacity transfer. The rate mechanisms for the DER programme remain unchanged.
- c. The Office concluded its consultation on the Renewable Energy Auction Scheme (REAS) and published its Final Determination in October 2021. The final determination outlines the main policy objectives and external factors impacting the design of the new scheme and establishes the context for large volumes of renewable

capacity to be procured under the mechanism for the foreseeable future.

- d. The Office approved the CUC 2021 – 2025, 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. Also approved was CUC's proposed commercial and Residential Demand Rates as well as the CUC 16-foot new pole and double luminaire rates for the George Town Revitalisation project.
- e. 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 2022 to finalise and develop the framework for CNI security.
- f. The Office issued a public tender for consultancy services to conduct a value of solar study (VOSS). This project is expected to be completed in early 2022.
- g. The team continued its monitoring of CUC's performance standards as 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.
- h. The Office consulted with CUC on its proposal to engage K&M Advisors to produce a high-level gas to power strategy. In keeping with the NEP's objective of having natural gas (NG) as a transitional fuel, the objective is to establish a framework and agreement on how to implement a successful gas to power programme to achieve the benefits specified in both the NEP and the Integrated Resources Plan (IRP). It is anticipated that CUC will submit business cases in 2022 to roll out the strategy.
- i. The team also continued its monitoring of the Bodden Town Solar 5-MW solar PV licensee to ensure that it complied with its licence obligations.
- j. The Office continued to assist the Government with meeting the National Energy Policy goals with both technical and policy advice.
- k. Two members of staff attended training on Renewable Energy Request For Offer (RFO)/Request For Proposal (RFP) Solicitation Process. Members of staff also attended an Energy Storage Association "Transforming the Grid: Planning and Implementing Energy Storage" Webinar.

16. Fuels Sector

The following accomplishments were achieved during FY 2021 relating to the Fuels sector:

- a. The Office completed the Fuel Market Definition and Economic Assessment of Fuels Market and Sector. Recommendations regarding interventions into the relevant markets will be submitted to Cabinet to enhance the regulatory framework.
- b. The Office completed a Price Probe into Fuel Prices Pre- and Post-Pandemic, to assess and ensure fuel pricing remains equitable and are reflective of the global fuel price trends. This exercise came as a result of the Office's commitment to ensuring fair pricing to consumers. Benchmarking demonstrate the Cayman Islands continue to reflect median level prices for gasoline and diesel in the Caribbean region as a result of efforts by the Office.
- c. In order to prepare the Cayman Islands for a successful III Code (IMO Instrument Implementation Code) audit outcome, the Office enhanced its capacity and capability to ensure continued and sustained compliance in the fuels area, and enforcement in key areas of its remit to be in a position to achieve the objectives of the National Maritime Oil Spill Contingency Plan approved by Cabinet in October 2021.
- d. The Office recruited key staff to boost capacity to enable the proper discharge of its mandate under both the Fuel Inspectorate as well as its Economic Regulatory functions. The Office demonstrated its commitment to train and develop Caymanians to meet their full potential through a tailored Fuels Inspectorate internship programme.
- e. The Office conducted fuel testing on key parameters (Octane & Cetane) across the entire fuel network of gas stations, through the implementation of an initial phase of local capability fuel sampling and analysis regime. The efforts and scope will be increased with the commissioning of a wide spectrum fuel analyser and a modular laboratory.
- f. The Office successfully conducted a review and approval of two mergers in the retail fuels market.
- g. The Office takes seriously, its enforcement and compliance obligations. In keeping with its obligations under the DS Law, the Office successfully completed a major investigation into a tank leak

at Rubis Cayman Islands Ltd. Terminal. This matter is pending enforcement of the DS Act breaches. The Office continues to proactively implement the recommendations from the findings via a phased approach, to increase compliance and enhance public safety.

- h. Arising from the foregoing, an industry wide bulk tank and pipeline forum was held to address key issues impacting bulk fuel assets, including design and maintenance considerations to be adopted for the economic sustainability, safety, and continued reliability of the sector.
The Office also conducted two major complaint investigations and seven consumer complaints, all of which were resolved during the year.
- i. The Office as part of its risk mitigation measures, collaborated with the Cayman Islands Fire Service on the reinstatement of the Fire Suppression System at the Rubis, Creek Terminal in Cayman Brac.
- j. The Office conducted the following three consultations related to the Fuels sector in 2021:
 - 1) Consumer Protection Regulations (Final)
 - 2) Fuel Sector Market Definition (Final)
 - 3) Fuel Sector Economic and Regulatory Framework (Draft and Final).

The following key processes are in their advanced stage of finalisation for consultation as at the end of 2021:

- 1. Fuel Sector Regulatory Framework
 - 2. Fuel Licensing Framework
- k. In addition to the foregoing consultations, the Office conducted a targeted consultation on Fuel Sector Regulatory Reporting Template and Stock/Inventory monitoring. This exercise will serve to standardise information submission to the Office and remove ambiguities and substandard submission of information as part of the operators' reporting requirements.
 - l. The Office engaged Mobile Fueling operators on a Discussion Paper (Green Paper) on Fueling Transportation Safety, and consideration of cleaner burning fuels for mobile fueling equipment.
 - m. With the aim to continually improve in the carrying out of our functions, the capacity of the Office was enhanced with regards to the Calibration Regime through acquisition of a combination trailer unit. This critical piece of equipment will enhance our maritime as

well as terrestrial pollution prevention and response capabilities to protect and preserve our environment.

- n. The Office facilitated the introduction of NEP Item pilot initiative relating to LPG fueling for transportation. Stage 1 capability which has been fully implemented, entails cylinder refilling, and the site will be retrofitted in early 2022 for autogas, providing increased public access to the facility.
- o. The Office continued its engagement with prospective LNG Suppliers and entrants to the Fuels Market as part of its obligations to support broader NEP 2021 Objectives.
- p. The Office increased its activities and outputs in the areas of Inspection and Permitting, resulting in an increased level of compliance (> 50%) across the sector.
- q. The Office commenced Development, implementation and promulgation of a National Fuel Quality Standards for gasoline and diesel (road fuels) as part of its obligations to protect the short- and long-term interest of consumers.
- r. As part of its obligations regarding enhancement of safety and risk mitigation in operations, the Office initiated a robust process for the recertification of propane bulk terminal tanks for operators across the island.
- s. The fuels team conducted and completed over 250 statutory planning review of projects involving dangerous substances for the year.
- t. The Office conducted Buried Fuel Pipeline Route Assessment. Based on the assessments, the recommended improvements and enhancements are currently being implemented. For "Pigging" of the 8" Diesel Fuel Pipeline for Power Generation will to be coordinated.
- u. With the objective to increase internal awareness and refresh training, a demonstration and simulation exercise was conducted with the fuel emergency equipment. The team also participated in the national emergency response table-top exercise along with other agencies.
- v. The Office responded to 5 fuel spills (land and inland waterways) during the year.

- w. The Office continued its to Bi-Annual engagements with the major fuel sector players and Retailers (Gas Station Operators) to address key issues impacting the sector.
- x. Staff completed training in the areas of Hazwoper, Dangerous Goods, Strategic leadership, and Economics & Regulators matters as part of continued efforts and commitment to human capital development.

17. **ICT Sector**

The following accomplishments were achieved during FY 2021 relating to the ICT sector

- a. The licences of the four large telecommunications licensees which had all expired in previous years and resulting in the licenses being extended continually on short term basis, were all renewed on a long-term basis. The Office took this change in approach to provide certainty and predictability, risk minimisation and with the attendant positive impact of promoting investment in sustainable infrastructure development.
- b. The ICT sector issued approval to an existing operator to expand their service offerings to become a third mobile service provider in the Islands. The provider proposes to launch a new state of the art fixed and mobile service network to support 4G LTE and 5G services.
- c. Following a consultation process relating to the licensing and enablement of the regulatory framework to support Internet Exchange Points in the Cayman Islands and having taken into account industry best practice and the views of respondents to the consultation, the Office issued a determination which included the regulatory framework on IXPs and local peering options and obligations. Following this, the Office issued the first and only IXP Licence. The operation of the IXP provides an option to Internet Service Licensees to connect via the IXP in order to exchange and ensure that local internet traffic remains within the jurisdiction. Additional, IXPs have the ability to onboard attractive content and other value-added services to offer to its members in addition to any peering service.
- d. After suspension of the SMP review of the ICT sector in 2018, the Office restarted this important piece of work to appropriately define the economic markets within the ICT industry, to identify dominant

players for consideration, development and application of rules to ensure fair competition with the objective to protect consumer's interest. This project is slated to be completed in early 2022.

- e. The Office resubmitted the draft Consumer Protection Regulations for the ICT Sector to the Ministry of BCL, for Ministerial consideration and approval. Approval has been pending for since 2020.
- f. In accordance with its obligations to ensure efficient use of electromagnetic spectrum, the Office conducted a utilisation and fee payment audit of spectrum assignments and returns. As a result of the foregoing, we were able to recover approximately 890Mhz of spectrum in several key areas, identified that can be used for delivery of "5G" highspeed networks, as well as space allocated to the public for unregulated use. Additionally, other areas of unauthorised use of spectrum were identified and licensees have been notified in such instances and made to pay for such use or migrate out of those areas going forward.
- g. Having received reports of spectrum interference between two mobile providers, which contributed to poor connectivity and quality of service, the Office vetted and oversaw a project to reassign/migrate spectrum frequencies between the operators to eliminate the interference.
- h. The Office made significant progress to resolve a dispute between two licensees regarding access to infrastructure sharing. The team completed an investigation into the matter and is on-track to issue a final determination by the end of 2021. The determination marks a milestone in better clarifying the Office's expectation in relation to how licensees are expected to work together with respect to infrastructure sharing. The determination will include several directions to the parties.
- i. In order to support the Government's Broad Outcome 8, "providing funding for implementation of a new underwater communications cable to ensure Cayman remains connected to the world," as well as to ensure fair access by service providers to this critical infrastructure. The Office developed and will be consulting on a Cable Landing Station licensing and regulatory framework to improve resiliency, protect critical national infrastructure and to promote innovation and facilitate economic and national development. The framework is slated to be brought into force in 2022.

- j. Following an infrastructure sharing dispute between licensees where fibre optic cables were removed from light poles, resulting in service disruption to several customers, the Office intervened and issued directions to the licensees to reinstate services to protect customer interest. In order to prevent further issues of this nature in the future, the Office is drafting directives which will be instructive to licensees on how they must act with respect to sharing of poles and infrastructure.
- k. With an emphasis of improving compliance, the Office through an aggressive approach, recovered over \$150k in outstanding fees as at the end of 2020, and for 2021, recovered over \$140k in outstanding licence fees. Additionally, several outstanding Audited Financial Statements and quarterly reports were submitted as a direct result of the initiatives. Work remains ongoing to bring and keep all licensees in compliance.
- l. In support of the establishment and further capacity development of the Cayman Islands Coast Guard, the Office issued its first Coastal Radio Licence to the Coast Guard. The Coastal Licence will assist in providing the marine community with a variety of distress, search and rescue, navigational, business, and personal communication needs for vessels.
- m. As part of its commitment to promote competition and increase choice for customers, the Office reviewed and approved the application submitted by an existing licensee to expand their service offerings to become a third mobile service operator. The service provider proposes to launch a new state of the art fixed and mobile service network to support 5G service. Additionally, the grant of such licence promotes investment, innovation, and infrastructure development in the country.
- n. The Office, recognising and having highlighted the lack of choice of broadband service in the Eastern Districts, previously approved the deployment of a Fixed Broadband Network to be provided by an existing licensee. Consequently, after considerable discussions and approval, a new commercial broadband service was launched to serve the Eastern Districts. The ICT team made special site visits to verify the operational characteristics of the service.
- o. The Office on a regular basis provided industry with information on known cybersecurity threats. In addition, as part of its obligations to national cyber response initiatives, the Office in collaboration with the Government's Chief Information Security Officer, commenced discussions and planning related to the conduct of a National Cyber

Risk Assessment. This Public and Private Sector Partnership initiative will set the stage for informing a national strategy for the Cyber Incident Readiness Team (CIRT).

- p. The Office made significant positive steps to improve the profile and attractiveness of the country's .ky domain by completing amendments to the existing Registry Services Agreements. This paves the way for onboarding of new registrars as well as to support the launch of a .ky flash sale campaign programme, with the focus on highlighting the value and ultimately, releasing attractive high-value domain names.
- q. The ICT team participated in a regional workshop focused on discussing the latest developments in "5G" in various jurisdictions, in particular, to highlight the new technologies' ability to support new applications through Gigabit data rates, low latency and high reliability as well as to highlight and discuss some of the realities relating to the cost of implementation. Broader regulatory considerations and health misconceptions were also discussed.
- r. The Office supported the International Institute of Communications (IIC's) Future Leaders' Competition which encourages and rewards young persons who show original thought in the areas of communications and policy. Support was extended through a small financial contribution, dissemination of competition details locally and the creation of a promotional video to encourage local participation. The competition provided international exposure to ambitious young professionals and encouraged submissions from across the globe.
- s. The ICT Team represented the Cayman Islands as a member of The Governmental Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers on a series of virtual policy meetings. The ICT Team made meaning contributions on the various topics and areas across the ICANN ecosystem, including but not limited to: Subsequent Rounds of New General Top-Level Domains, (gTLDs), Doman Name Serve Abuses (DNS), Competition, Consumer Trust, and Consumer Choice and Second Security, Stability, and Resiliency (CCT and SSR2) Recommendations, Registration Data/WHOIS/General Data Protection Regulation Matters, and ICANN Return to In-Person Meetings.
- t. The Office was represented (virtually) by the ICT Team at the Caribbean Association of National Telecommunications Organizations Annual Conference and Trade Exhibition. The conference, which provided valuable resource and data, brought

together high-level Telecom Executives, Regulators, Government Ministers, and cutting-edge Technology Suppliers to discuss, review, several topics of interest. Of particular note were discussions surrounding the New Digital Economy, how Governments are adapting to the new digital trends, telecoms regulations, "5G," the next wave of wireless mobile technology, Customer Experience, Connectivity and Infrastructure, and the internet of things.

- u. The team also participated in the Cayman Islands Digital Economy Conference (CYDEC) which showcased International and local speakers, who examined the biggest digital trends and discussed how we as a country can fully immerse into the digital revolution and, subsequently "Cayman 3.0." Participating and present were cybersecurity, cryptocurrency and blockchain global technology experts discussing the risks and benefits of digital currency.

18. **Water Sector**

- a. During 2021, the Office received the report on the Cost-of-Service Study (COSS) of the Cayman Water Company Ltd., to assist with the determination of new water rates, and to establish a reasonable return on investment for the grant of a new Water Producers and Supply Licence. The existing licence extension expired on January 31, 2018, and the office remains committed to conclude negotiations with CWC in a timely manner.
- b. The Office reissued the Water Sector (Licence and Fees) Regulations for Cabinet's approval. These Regulations when enacted will enhance the regulatory framework and establish the long-term funding mechanism for the Water Sector, thereby enabling the Office to effectively execute its regulatory activities for water service providers, and wastewater operators.
- c. The Office approved the CWC capital investment plan (CIP) for replacement of its West Bay desalination plant to provide dependable and reliable water service to its customers.
- d. The Office rejected an application from CWC for an annual rate increase for 2021.
- e. 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 2022 to develop and finalise the framework for CNI security.

2022 Goals, Objectives and Priorities

Electricity Sector Goals

The Office's will continue to play its role in the electricity sector by providing policy advice to the Government, promote competition where necessary and appropriate and promote innovation, with the goal of ensuring prices to customers are reasonable, the quality and reliability of services remains high and that the service providers have the opportunity to earn a fair return on investments.

In addition to the normal benchmarking and robust monitoring of the service providers, the Office will continue to compare on a monthly basis, the fuel factor with comparators in the region. The Office is positioned to take appropriate and swift enforcement action to reprimand licensees whenever they breach their licence obligations to minimise degradation of service provisions to consumers.

One of the key goals for the electricity sector is the acceleration of more utility scale solar PV into the energy portfolio. The preferred portfolio of the Integrated Resource Plan (IRP) projects 100 MW of utility scale solar on the grid by the year 2024. The Office being mindful of this target, commenced drafting of an RFP for interested parties to bid for large scale solar PV and battery storage proposals.

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) Issue RFPs, manage and select successful bidders for utility scale solar PV and battery projects.
- b) Consumer Protection Regulations and Customer Service Standards.
- c) Update of the Integrated Resource Plan (IRP).
- d) Protection of Critical National Infrastructure.
- e) Deliver NEP objectives for the period; and
- f) Conclude VOSS

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 Objectives.

19. The following are the Office's Objectives for the electricity sector for 2022:

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 Q2, 2022.
- ii. Identify and make recommendations where necessary to improve existing legislation, regulation and/or regulatory policy (ongoing).
- iii. Conclude a value of solar assessment for tariff setting purposes to ensure better alignment and implementation of NEP initiatives and strategies by Q1 2022.
- iv. Conclude the consultation on the Regulatory Accounts Rules by Q2 2022.

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 Protection Regulations

- i. Create and implement Customer Service Standards & Guidelines by Q2, 2022.

d. Technology and Innovation

- i. Establish frameworks for implementation of new technologies in renewable and alternative energy by the end of Q3, 2022.
- 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) (2021-2022).
- iii. Launch the Renewable Energy Auction Scheme in Q1, 2022.

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); and
- h. Facilitate projects for a gas to power strategy that will introduce natural gas as the transitional fuel for electricity generation to achieve both the NEP and IRP objectives.

Table 1: Electricity Sector Objectives, Outputs, Outcomes and KPIs

Strategic Focus: Technology and Innovation			
Regulation			
Strategic Objectives	Outputs	Key Performance Indicators	Outcomes
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, 2022* • Legislation requiring filing of IRPs enacted Q4, 2022* 	<ul style="list-style-type: none"> • A robust regulatory mechanism for the review and formal approval of utility Integrated Resource Plans. • Lower cost electricity. • Lower risk from price volatility. • Supporting climate change resilience and sustainable development.
Identify and make recommendations where necessary to improve existing legislation, regulation and/or regulatory policy Q2, 2022.	<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, 2022. • Submission of recommendations to Government by Q3 2022. 	<ul style="list-style-type: none"> • Strengthening good governance for more effective government
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) (2021-2022);	<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 	<ul style="list-style-type: none"> • Ensure adherence to the NEP and IRP targets and goals due to timely approval of investments • Building a modern infrastructure to ensure a successful future for our islands, • Supporting climate change resilience and sustainable development.

* Planned 2021 projects that did not commence, rolled over to 2022.

** Projects planned and commenced in 2021, rolled over to 2022.



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 and storage technologies 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. • A framework to facilitate energy efficiency measures that complements implementation of renewable energy. • A framework to facilitate a "gas-to-power" strategy • 	<ul style="list-style-type: none"> • Completed and published consultation on framework including the implementation of Electric Vehicles (EVs) charging infrastructure by Q3, 2022*. • Completed and published framework on a gas-to-power strategy by Q3, 2022. • Government Approved and Gazetting of mechanism, Rules and Regulations by Q3, 2022*. • Regulatory mechanisms established relating to existing licensing, connection and charging policies by Q4, 2022*. • Regulatory mechanisms established for demand-side flexibility by Q4, 2022. • Regulatory mechanisms established for "gas-to-power" transition by Q4, 2022. 	<ul style="list-style-type: none"> • Access to more electric vehicle charging stations and encouragement of the growth in numbers of electric vehicles. • • Greater reliable, affordable electricity from a diverse energy generating and energy storage portfolio. • Modern electricity grid • Supporting climate change resilience and sustainable development. • Demand-side reduction via energy efficiency in buildings and appliances. • Reduced emissions from low-carbon gas-to-power transition.

* Planned 2021 projects that did not commence, rolled over to 2022.



			<ul style="list-style-type: none"> Addition of 12 MW of Distributed Generation 	
Strategic Focus: Compliance				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	
<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"> Complete Accounts Separation Rules consultation or the electricity sector to ensure transparent, cost-based, and non-discriminatory practices to help level the playing field to new entrants. Investigation and prosecution of Licensees who break the law. Development of a long-term compliance strategy for the Office that includes a risk-based compliance monitoring programme. Implement framework for tracking utilities performance against utilities in comparator countries. Framework provides objective performance measures for utility licensees to track their organisational performance. 	<ul style="list-style-type: none"> Completed consultation process on Regulatory Accounting Rules (RARs) by end of Q1 2022*. Submission of RARs to CIG for approval by Q1 2022* Key trends recorded in annual review of CUC's Customer Satisfaction Survey by end of Q3, 2022. The Compliance Strategy and Compliance Monitoring Strategy will be completed and implemented by Q4, 2022. Uniform reporting requirements to share data established, Q1 2022. Benchmarking Survey conducted in Q1 2022. 	<ul style="list-style-type: none"> Improved transparency and competitiveness of markets where appropriate. Regulator's awareness of the general customer satisfaction levels and shortcomings of licensee. Fairness and transparency for consumers via enhanced monitoring and enforcement of Licensees' activities. More timely decision-making on enforcement cases via process improvements and raising capability. Allows for tracking of performance, compare their results to peers, and identify areas that could be strengthened or improved.
Strategic Focus: Regulatory Framework/ legal				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes



<p>Implement regulatory frameworks to support and give effect to the National Energy Policy (NEP) objectives for the electricity sector</p>	<ul style="list-style-type: none"> • Launch 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 for procurement of 100 MW of utility-scale dispatchable renewables plus energy storage Q1 2022*. • Reduction of Greenhouse Gases (GHGs) essential for a low carbon energy transition. 	<ul style="list-style-type: none"> • Transparent, robust, and competitive procurement of large-scale renewable energy and storage provision. • Competitive, secure, and sustainable supplies of energy. • Competition in market where new entrants can compete on a level playing field with established licensees. • Increased electricity generation by large-scale renewables. • Competitive, affordable, quality, reliable, secure, and sustainable supplies of energy 	
<p>Establish a framework for the conduct of Regulatory Impact assessments (RIAs) in Q2 of 2022 to assess the positive and negative effects of proposed and existing regulations and non-regulatory alternatives.</p>	<ul style="list-style-type: none"> • Develop Comprehensive Framework and Rules for conducting RIAs. 	<ul style="list-style-type: none"> • Training programmes identified and staff training in use of RIAs completed, Q2, 2022*. • Implement RIA Framework Q3 2022*. 	<ul style="list-style-type: none"> • A robust system of regulatory oversight that encourages sound policy development and implementation. 	
<p>Conduct a value of solar assessment for tariff setting purposes to ensure better alignment and implementation of NEP initiatives and strategies Q1, 2022,</p>	<ul style="list-style-type: none"> • Draft RFQ document • Procure consultant • Consultant(s) report on value of solar received. 	<ul style="list-style-type: none"> • A comprehensive study of the value of solar is completed Q1, 2022*. • Adoption of a policy tool for developing and implementing tariffs for Distributed Generation Resources (DGR) by Q1, 2022. 	<ul style="list-style-type: none"> • Renewable energy tariffs are informed by empirical analysis of the full costs and benefits of solar to ensure fair and transparent rate setting procedures. • Supporting climate change resilience and sustainable development. 	
<p>Strategic Focus: Customer-Consumer Protection</p>				

* Planned 2021 projects that did not commence, rolled over to 2022.



Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
<p>Create Customer Service Standards & Guidelines for the protection of electricity consumers by Q4 of 2022 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. • Review of CUC's Customer Satisfaction Survey (CSS). • 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, 2022*. • % Increase in the number of customers who trust and are satisfied with their energy supplier compared with 2019 baseline. • By 2022 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, 2022*. • Key trends recorded in annual review of CUC's Customer Satisfaction Survey by end of Q3, 2022 	<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. • Regulator's awareness of the general customer satisfaction levels and shortcomings of licensee. 	
Strategic Focus: Security of Supply/ Critical National Infrastructure				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes

* Planned 2021 projects that did not commence, rolled over to 2022.



<p>Establish a mechanism and framework for the protection of Critical National Infrastructure ("CNI") by 2023 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, 2022*. • Framework to share information and understand cross sector dependencies fully implemented by Q4, 2022*. • Framework to collaborate with international peers on energy sector CNI protection fully implemented by Q4, 2022* 	<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. • 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. • Building a modern infrastructure to ensure a successful future for our islands

* Planned 2021 projects that did not commence, rolled over to 2022.

Fuels Sector Goals

The main objective for the fuels sector under its economic regulatory remit is to implement Cabinet's approved intervention measures for efficient and sustained competition in the Fuels Market.

Critical to the sustained performance in the fuel sector, is the need to enhance the fuel's team manpower capacity and competency, which will allow for human capital development and effective succession planning within the sector and across the wider organization. As part of the continuing development and upskilling of the team, focus will be placed on training and certification by accredited and recognized international bodies, and also develop closer working relationship and alignment, and seek to be recognized by appropriate regulatory and oversight organizations.

As a supplement to the high-level objectives outlined in Table 2, the following are some goals for the fuel sector:

- a. Continue under its obligations to identify and make recommendations as necessary for new legislation and/or improvements to existing legislation, regulations and/or regulatory policy, to ensure the regulatory environment is robust, proactive and relevant.
- b. Continue to identify and evaluate for improvement, internal and external processes and procedures, and particularly external ones involving interaction with stakeholders, inclusive of transition to an online environment via web-based applications.
- c. Keep under review, options for bulk import infrastructure improvement or enhancements, contingent on discussions and outcomes regarding redevelopment of the Port on Grand Cayman.
- d. Keep under review, along with capability assessment, the enforcement provisions of the Dangerous Substances Act in the marine environment (fuel transfers and trade in Cayman's Territorial Waters).
- e. 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, DOT, NFPA and ASME Codes and Standards.
- f. Having engaged in discussion with the FSC (Fuels Standards Committee) and other Government Agencies, the team will continue efforts to improve local testing capabilities with the acquisition of a modular laboratory and supporting equipment.

- g. With the pilot exercise conducted in 2021, the Office will continue to progress this work on increasing the penetration of propane use in the market. The extent of the expansion will be based on the success of the first phase.
- h. Fully establish an ISO Tank Container database and registry and validate a certification program for this category of equipment.
- i. Keep under review and advance discussions on optimisation of key fuel sector infrastructure such as the import pipeline, and Rubis Cayman Brac Terminal Optimisation.
- j. 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.

Fuels Sector Objectives.

20. The following are the Office's Objectives for the Fuels Sector for 2022.

a. Regulatory Framework/Legal

- i. Implement all phases of Cabinet approved regulatory intervention measures to promote effective competition in the Fuels markets by Q2, 2022.
- ii. Identify and implement at least two Co-Regulation Initiatives in the sector and.
- iii. Commence work on regulatory readiness for LNG (possibly CNG) introduction.

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 Q1, 2022.
- ii. Engage Public/Industry on set parameters in the determination of CNI by Q2, 2022.
- iii. Publish Guidelines & Regulations by Q3, 2022
- iv. Conduct a Risk Management assessment on CNI by Q3, 2022
Develop Work plan that outlines the activities of the Sector to reduce risk to CNI by Q2, 2022.

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

Conclude implementation of National Fuel Quality Standards for gasoline and diesel (road fuels) by Q2, 2022. This will entail;

- i. Customer Public Engagement/Forums, and
- ii. Engagement and awareness of fuelling matters which falls below legal threshold (LPG Cylinders, Mobile food trucks, dive cylinders, etc)
- iii. Develop a Fuel Standards Monitoring program for relevant fuels and implement by 2022 to ensure (ongoing) compliance.

d. Technology and Innovation

Conduct assessment of technical and commercial viability of introducing higher blends of ethanol in gasoline (> E10) and biodiesel (> B20).

- i. Implement, where feasible, introduction of renewable fuels (> E10 and >B20) and monitor performance during 2022.
- ii. Conduct a four-year review of the impact of renewable fuel introduction to the fuel market and facilitation of increased ethanol and biodiesel penetration.

Evaluate the viability of LPG as fuel for transportation.

- i. Progress the phased roll out of public access to LPG as fuel for transportation (including efforts to incentivise vehicle conversions)
- ii. Continue to evaluate heavy equipment (trucks) conversion to propane.

21. The following rolling fuels sector priorities for 2022 – 2024 are:

- a. Refine for implementation, Self and co-regulation elements of current legislation identified in 2021 and 2022
- b. Commence process to give effect to provisions identified under various fuel sector legislation to be removed (sunset) as part of responsive legislative framework.
- c. Identify and make recommendations where necessary for new and/or improvement to existing legislation, regulation and/or regulatory policy (ongoing).
- d. Promote safety and sustainability in the sector (ongoing).
- e. Maintain a three Islands perspective in strengthening market competitiveness and infrastructure (ongoing).
- f. Enhance fuel testing capabilities locally through expanded and technologically advanced testing equipment and staff training.
- g. Facilitate innovative procurement and importation of fuel by non-conventional importers and methods.

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"> Evaluate options and recommend optimum strategy for implementation by Q4, 2021. Draft Regulations for Cabinet Approval by Q4 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 consistently meets national fuel quality standards during random or scheduled sampling during year 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 (Regulatory approved price formulae) assessed during fortnightly surveys. 	<ul style="list-style-type: none"> Regulatory regime promotes competition in the Fuels Market through annual/bi-annual market and fuels matrix review. Reliable supply of quality fuel at a fair price, which accords with global fuel price trends, while providing a fair return to investors. Building a modern infrastructure to ensure a successful future for our Islands.
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)		<ul style="list-style-type: none"> Commence development of a framework and evaluation matrix for 	<ul style="list-style-type: none"> Broad framework developed to 25% in 2021 (siting, operational parameters, 	<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

** Projects planned and commenced in 2021, rolled over to 2022.



to ensure a coordinated approach to accomplish the NEP objectives for which the Fuel sector has vested interest.	introduction of LPG fuels for transportation. <ul style="list-style-type: none"> Collaborate with DOE to identify potential locations/siting and establish TOR to conduct EIA**. 	safety requirements) to facilitate the introduction of LNG and CNG in the Cayman Islands by end 2022	Islands. <ul style="list-style-type: none"> Building a modern infrastructure to ensure a successful future for our 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"> License Framework for category 1 licensees fully consulted and implemented by Q3, 2022 	<ul style="list-style-type: none"> Assurance of robust regime to govern sector participants operations and behaviour. Building a modern infrastructure to ensure a successful future for our Islands.
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. Building a modern infrastructure to ensure a successful future for our Islands.
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"> Building a modern infrastructure to ensure a successful future for our Islands.



		<ul style="list-style-type: none"> Support NEP 5 Year Review coordinated by EPC to ensure strategic fuel sector aims and objectives reflected in amended NEP 		
Strategic Focus: Consumer - Consumer Protection				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Promote consumer protection		<ul style="list-style-type: none"> Submit Draft Consumer Protection Regulations (CPR) to Cabinet for enactment/implementation. Publish CPR subject to Cabinet Approval and conduct stakeholder engagements. Ensure customer issues requiring the Office's intervention are effectively monitored, managed, and resolved. 	<ul style="list-style-type: none"> Submit CPR to Cabinet by mid Q1, 2022 Publish CPR during Q1 2022 and hold stakeholder engagements within 3 weeks of gazettal/publication**. Issues resolved within statutory or agreed time frame (per complaints/Customer tracking system) 	<ul style="list-style-type: none"> Consumers assured of protection under CPRs. Strengthening good governance for more effective government.
Monitor and supervise prices in the Fuel sector subject to Fuel Market Regulation Law		<ul style="list-style-type: none"> Fuel Price Reports and Posting of pump pricing to the public 	<ul style="list-style-type: none"> Publication of Fortnightly (or weekly as determined by Office) price report with analysis 	<ul style="list-style-type: none"> Consumer aware of posted pricing for transparency and choice.
Strategic Focus: Consumer- Consumer Protection				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Finalise implementation of National Fuel Quality		<ul style="list-style-type: none"> Develop Fuel Standards Monitoring program for relevant fuels and fully 	<ul style="list-style-type: none"> Relevant Fuel Parameters appropriately tested and 	<ul style="list-style-type: none"> Fuel quality testing and conformity is easily done and certified in the

** Projects planned and commenced in 2021, rolled over to 2022.



Standards to protect the interest of consumers (for applicable fuels) by end Q2, 2022.	implement by Q1 2022 to ensure (ongoing) Compliance <ul style="list-style-type: none"> Establish a policy for emergency importation and fuel standards exceptions by 2022 	certified (as required) at local laboratory facility by end 2022 <ul style="list-style-type: none"> Octane Index - Octane index to be within the ranges established and published by Fuel Standards Committee set and revised from time to time 	Cayman Islands	
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 2022. Engage Public/Industry on set parameters in the determination of CNI by Q2 2022. Conduct a Risk Management assessment on CNI by Q2, 2022 Develop Work plan that outlines the activities of the Sector to reduce risk to CNI by Q2 of 2022 Publish CNI Guidelines & Regulations by Q3 2022 Develop and implement actions to mitigate risk by Q3 of 2022 	<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 Building a modern infrastructure to ensure a successful future for our islands 	
Strategic Focus: Technology and Innovation				



Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
<p>Conduct assessment of technical and commercial viability of introducing higher blends of ethanol in gasoline (> E10) and biodiesel (> B20).</p> <p>Evaluate the viability of liquefied petroleum gas (LPG) as fuel for transportation</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>	<ul style="list-style-type: none"> Complete the review of impact of renewable fuel in the economy by mid 2022 Complete Framework Implementation of any agreed recommendations by set deadlines arising from Review. LPG/Autogas Facility safely in operation and endorsed by Office as acceptable alternative fuel for transportation 	<ul style="list-style-type: none"> Consumers will have a choice of renewable blends for those with preference for greener fuels. 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

ICT Sector Goals

The existing framework governing the ICT Sector has been in place since liberalisation of the ICT Industry in 2002. It is the goal of the Office to complete modernisation of the framework and for seamless migration of service providers to the new regime by the middle of 2022. This upgrade will be a significant achievement for the Cayman Islands and will ultimately benefit consumers as a result of the lowering of regulatory and market barriers, and the consequential enhancement of competition, whilst minimising risks to stakeholders and improved regulatory certainty.

Mapping of the ICT networks and services in the Islands is targeted for completion in 2022. This exercise will allow the Office and authorised stakeholders access to accurate real-time network, infrastructure and service coverage data, including critical national infrastructure, to ensure understanding of the Islands' status with regard to the quality and accessibility of networks and services. This information is critical to inform national policy development aimed at further developing the Islands.

To ensure sound mechanisms are in place to identify whether a sectoral provider has SMP in any defined market, as well as established criteria to impose remedies to ensure effective competition in the market, one of the Offices' goals is to complete the ICT sector SMP review, which recommenced in 2021.

The Office will promote cybersecurity and general ICT public education programs to help protect consumers and the industry. Given the mandate for the protection of critical national infrastructure, the Office will enter into MOUs with stakeholders/members to establish and resource the CSIRT function for launch by the end of 2022. The building of partnerships, and improving information sharing, as well as implementing specific activities related to expectations of the National Security Council will be critical success enablers the Office will pursue.

Identifying and aligning the Office with the relevant protocols and obligations of the International Telecommunication Union (ITU) and other international regulatory obligations and practices is an ongoing goal being pursued for the ICT sector.

Recognising spectrum as a limited resource and our commitment and obligations to effectively manage electromagnetic spectrum, the Office will establish a spectrum management framework. This work is critical, considering the increasing demand for spectrum which is driven by the increasing number of mobile subscribers, customers demand for increased bandwidth, speed and the emergence of new technologies and services.

A National Broadband Policy with applicable internet service standards will be developed and implemented. This will enable relevant and robust quality of service

levels necessary to ensure acceptable delivery and development of ICT services and ICT networks as contracted for by consumers and required by licence.

The Office will also focus on Develop broadband quality of service (QOS) standards; and continue to codify and publish all ICT regulatory processes.

ICT Sector Objectives.

22. The following are the Office's objectives for regulating the ICT sector in 2022:

a. Innovation and Investment

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 consumers by Q2, 2022.

- i. Issue final determination on new framework by Q2, 2022.
- ii. Migrate all ICT licensees to new framework, by Q2, 2022.

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 Q2, 2022.

- i. Complete draft consultation with draft determination on market definition, competition assessment and remedies by Q4, 2021.
- ii. Issue Final Determination on Market Remedies by Q1, 2022.
- iii. Apply specific conditions to licensees were determined appropriate. By Q2 2022.

c. Innovation / Protection of Infrastructure

Promote and facilitate rollout of next-generation networks ('NGN') and testbeds in the Cayman Islands to improve efficiency and delivery of ICT services to consumers by 2023.

- i. Develop a forward-looking spectrum management strategy to ensure that future spectrum needs are met by implementing a national spectrum management plan to manage and provide industry with the ability to innovate and utilise the full potential of available spectrum by 2023.
- ii. Develop marketing campaign for ICT Experimental Licence 'Sandbox'. Q2, 2022.
- iii. Draft National Broadband Policy with applicable internet service standards. By Q1,2022.

d. Protection of Infrastructure & Consumers

The Office will finalise the development and implementation of 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. The Office continues to work in close collaboration with the Government's Chief Security Information Officer on cyber security matters including the conduct of a National Security Risk Assessment which will serve to inform the national strategy.

- i. Finalise the framework and operating model to establish the CSIRT based on National Cybersecurity and Computer Incident Response Terms of Reference in Q2, 2022.
- ii. Develop an implementation plan to ensure that roll out, change management and communications of the CI-CSIRT are properly managed by Q3, 2022.
- iii. Establish MOUs with stakeholders to resource the CSIRT function by Q3, 2022
- iv. Formally launch CIRT Launch in Q4, 2022.

The Office will advance the protections for consumers by implementing regulations and standards that define consumers' rights. We await the Government's consideration and approval of the Draft ICT CPRs submitted since 2020.

e. Industry Development

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.

- i. Conduct a procurement exercise to contract the services of a consultant to undertake exercise to map the ICT network and services by Q1 2022.
- ii. Publish report on findings of mapping exercise with recommendations. By mid-year 2022.
- iii. Develop implementation plan for recommendations by 2023.

f. Investment

Following the regularisation and improvement of policies to increase the availability of the .ky domain and increase attractiveness to subscribers of the domain in 2022. The Office will review and assess the success of the marketing and sale of the .ky domain activities in Q3, 2022.

23. The following are ICT sector priorities for 2022-2023:
- a. Update ICT policies in support of all areas of ICT work.
 - b. Ensure licensee compliance with ICT rules, regulations, standards, and license obligations under the relevant laws.
 - c. Increase training and development of ICT sector staff to ensure continuous improvement to keep pace and be proactive and agile in the dynamic technological environment.
 - d. 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).
 - e. Establish a Cyber Security Strategy.
 - f. Start CIRT development and service offerings; and
 - g. Ensure protection of CNI (ongoing).

Table 3: ICT Sector Objectives, Outputs, 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 Q2, 2022.		<ul style="list-style-type: none"> Issue final determination on new framework by Q2, 2022. Migration of all existing operators to new framework by end Q2, 2022. Increase of applications from new entrants to offer service by at least 2 applications per year. 	<ul style="list-style-type: none"> Reduction in consumer complaints to the Office by 25% by end of 2023. Reduction in consumer complaints to the Office by 10% by end of 2022. Issue final determination on new framework by Q2, 2022. Migrate all ICT licensees to new framework, by Q2, 2022. 	<ul style="list-style-type: none"> To have in place a comprehensive ICT regulatory framework designed to stimulate investment, lower market barriers, improve access to services and protection of consumers. ICT and electronic media convergence supported through relevant licensing and technology neutrality. Existence of effective enforcement powers. Building a modern infrastructure to ensure a successful future for our islands.
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 Q2, 2022		<ul style="list-style-type: none"> Issue final determination on Market Remedies. By Q1 2022. Apply specific conditions to licensees were determined appropriate. By end of Q2, 2022. 	<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 Q2, 2022. Reduction of industry complaints relating to anti-competitive behaviour and request for the Office to determine arbitrarily that an 	<ul style="list-style-type: none"> Mechanism exists to identify whether a sectoral provider has SMP in any defined market. Criteria established to impose any remedies to ensure effective competition in the market. Regulatory Certainty in relation to SMP. Deter resurgence of legacy anti-competitive/ abuse of dominant position issues.



		identified operator has SMP by 80% by 2023.	
Strategic Focus: Innovation / Protection of Infrastructure			
Service Objective	Activity/Key	Outputs	Key Performance Indicators
Promote and facilitate rollout of next-generation networks ('NGN') and testbeds in the Cayman Islands to improve efficiency and delivery of ICT services to consumers by 2023.		<ul style="list-style-type: none"> Develop and implement a forward-looking spectrum management framework to ensure that future spectrum needs are met, thereby providing industry with ability to innovate and utilise the full potential of available spectrum by 2023. Develop marketing campaign for ICT Experimental Licence 'Sandbox'. Q2 2022. Implement Quality of Service regime as well as Office testing capabilities. 	<ul style="list-style-type: none"> Issue Experimental licences to entities, target is minimum of two (2) licences being issued by Q2 2022. Confirmation of actual spectrum usage aligning with the Office's spectrum assignments, with the target being 100% by 2023. Spectrum allocation table being 100% harmonised with International Telecommunications Union recommendations by Q2 2023.
			<ul style="list-style-type: none"> Facilitate roll-out of future mobile networks, such as 5G, and any potential network technologies. Structured access to spectrum and experimental licences to facilitate and drive innovation and investment in the sector. Island positioned to be a leader in the digital space regionally. Interference reduction and mitigation. Identification of Public Sector Spectrum Release, Special Events and Machine-to-Machine communication.
Strategic Focus: Protection of Infrastructure & Consumers			
Service Objective	Activity/Key	Outputs	Key Performance Indicators
			Outcomes



<p>Implement strategies and policies to facilitate efficient use of the Islands communications infrastructure to enhance security, reliability, resiliency, and connectivity by 2023.</p>	<ul style="list-style-type: none">• Finalise the Draft National Cybersecurity and Computer Incident Response Team (CSCIRT) Terms of Reference by Q2, 2022.• Establish MOUs with stakeholders/members to establish and resource the CSIRT function by Q3, 2022.• Formally launch CSCIRT Q4, 2022.• 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.• Develop TOR for mapping exercise by engaging with stakeholders and subject matter experts by Q4, 2021.• Conduct a procurement exercise to contract the services of a consultant to undertake exercise to map the ICT network and services by Q2, 2022. <p>Publish report on findings of mapping exercise with recommendations. By mid-year 2022.</p>	<ul style="list-style-type: none">• The target mean time of co-ordination and response to any threat is two (2) hours after receipt of notification by Q4, 2022.• 100% of ICT infrastructure, networks and services are accurately itemised and mapped to allow OfReg and authorised stakeholders to have access to accurate real-time network, infrastructure, and service coverage data 100% of the time by 2023.	<ul style="list-style-type: none">• Existence of functional strategies and incident response team to maintain safe and secure networks that instil confidence in all members of society.• Ensuring that individuals, businesses, and government agencies are protected from online threats and disruptions.• Existence of a comprehensive ICT network and service development profile with recommendations for further policy and industry development.
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<p>Advance the protections for consumers by implementing regulations and standards that define consumers' rights. Q1, 2022.</p>	<ul style="list-style-type: none"> Consult with Government stakeholders on expediting consideration and implementation of Consumer Protection Regulations submitted for their consideration in 2020. Publish and bring into force consumer protection regulations by Q2 2022. 	<ul style="list-style-type: none"> Consumer Protection regulations are in place by Q2, 2022. 	<ul style="list-style-type: none"> Consumers are protected from abuse by service providers.
<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>Undertake activities to ensure efficient use of infrastructure to promote and facilitate the ubiquitous rollout and innovative use of fibre networks to support the delivery of high-speed broadband service by 2023.</p>	<ul style="list-style-type: none"> Draft National Broadband Policy with applicable internet service standards. Q1 2022. Consult on National Broadband Policy. By Q1, 2022. Establish Quality of Service measurement metrics for Broadband service. Q2, 2022. Begin using Quality of Service measurement tool. Q2, 2022. Determine and implement streamlined infrastructure sharing agreements. Q2, 2022. 	<ul style="list-style-type: none"> Percentage of households with fibre to the home connectivity - Current 54% of households. Target: 75% by 2024. Percentage of households where choice of high-speed low-latency broadband to the home is an option - Target 95% by 2023. 	<ul style="list-style-type: none"> Regulations and/or standards established that prescribe the rights of consumers and obligations of service providers. Relevant and robust quality of service levels necessary to ensure acceptable delivery and development of ICT services and ICT networks as contracted for by consumers and required by licence.



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 mid-year 2021 and review and assess success by Q3, 2022.	<ul style="list-style-type: none">• Develop a marketing plan to promote the .KY domain flash sale. Q1 2022.• Review and amend .ky policies including policy on releasing short-string character domains during Q1 2022.• Review and assess success of marketing and sale of .ky domain activities. Q3 2022.	<ul style="list-style-type: none">• Increase in domain registrations by 50% by end of 2022.• Increase in additional registrars by 400% in year 1. Resulting in broader visibility of the domain space.	<ul style="list-style-type: none">• Increased awareness of the name space• Increased sales and registrations of .ky domains.

Water Sector Goals

The Office is mindful of the need to bring to finalization, the licensing negotiations with the CWC in 2022. The timeliness of achieving this goal is contingent on the Cabinet's consideration and consent to the draft Water Sector ((Licence and Fees) Regulations. Effecting these regulations will also provide the statutory provisions for the Office to collect sustainable funding to recover the costs related to regulating the water sector.

Another goal for the water sector is the finalisation and implementation of Consumer Protection Regulations. The main objective of the CPRs is to outline the protocols and rules which Sectoral Providers should adhere to when interacting with and serving consumers in the Cayman Islands in relation to their E&U Services.

The Office will conduct a cost-of-service study on 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. The results of the study will be pivotal in the negotiations for a licence for the service provider.

Water Sector Objectives

The following are the Office's objectives for regulating the Water Sector in 2022.

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.

b. Customer Service Standards

Create and implement Consumer Protection Regulations by Q1 2022.

c. Regulatory Framework / Legal

Complete and implement the Water Sector Regulation Act 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 Producers and Suppliers for a defined area.
- iii. Commence licence negotiations with Water Authority Cayman (WAC) for the award of a Water Production and Supply Licence and a Wastewater Operator's Licence.



- iv. Conduct a Cost-of-Service Study on WAC to assist with the determination of water rates, and to establish a reasonable return on investment for the grant of a new Water Producers and Supply Licence.

d. Technology and Innovation

- I. Promote new and innovative technologies in water production and wastewater treatment and leverage advances in technology in the international water and wastewater sectors to advance NEP initiatives and stimulate economic development by Q4 2024.



Table 4: Water Sector Objectives, Outputs, 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 2022. 	<ul style="list-style-type: none"> Strengthening good governance for more effective government.
Strategic Focus: Regulatory Framework / Legal				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Complete and implement the Water Sector Regulation Act Regulations to ensure effective monitoring and regulation of the water sector by Q2, 2022.		<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. 	<ul style="list-style-type: none"> CWC licence issued by Q3, 2022. * Results of Cost-of-Service Study (COSS) implemented by Q1, 2022. Advanced negotiations and issuance of Water Producers & Supply (WPS) licence to Cayman Water Company Ltd. (CWC). 	<ul style="list-style-type: none"> An effective and sustainable water services industry. Prevent water service providers from abusing their monopoly power



<p>Advise on policy and establish a comprehensive regulatory framework for wastewater, the beneficial reuse of wastewater treatment products (effluent and bio-solids) as a source of irrigation water, soil amendment and biogas generation.</p>	<ul style="list-style-type: none"> • 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. • Commence licence negotiations with Water Authority Cayman for the award of a Water Producer and Supply Licence and also a Wastewater Operator's compliance. • Assessment of best practice regulatory frameworks for beneficial reuse of wastewater treatment products completed. Q3, 2021. • Public consultation on framework completed. Q1, 2022. • Legislation for adoption of Framework enacted. Q3, 2022. • Public and media communications strategy completed. Q3, 2022. • Regulatory framework rules and guidelines launched. Q3 2022. 	<ul style="list-style-type: none"> • Completed and promulgated regulatory framework for the Water Authority Cayman (WAC), and award of Water Producers & Supply (WPS) licence and wastewater licence to WAC by end of Q4, 2022 • Completed procedures for the issuance of "Operator licences" in Q1, 2022. • By 2023 facilitate a 1% increase of electricity generated from biogas compared to a 2022 baseline. • By 2023 facilitate a 20% increase in the quantity (gallons) of recycled water used for irrigation compared to a 2020/1 baseline. • By 2024 increase the number of licence(s) approved/granted for wastewater management/transformation by 5% compared to a 2020/1 baseline. 	<ul style="list-style-type: none"> • Ensure customers are provided with good quality services. • Strengthening good governance for more effective government. • Environmental, economic, and social benefits for the country. • Energy production from biogas. • Mitigation of water scarcity. • Reduced costs and prices to consumers.
Strategic Focus: Compliance			
Service Objective	Activity/Key	Outputs	Key Performance Indicators
<p>Receive/review and collate annual compliance data from Licensees to monitor service providers adherence to standards and rules.</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). 	<ul style="list-style-type: none"> • Completed and published determination on Regulatory Accounting Rules (RARs) by end of Q2, 2022. • Completed review of authorised Capital Investment Plan (CIP) projects.
			<ul style="list-style-type: none"> • Strengthening good governance for more effective government.



<p>Ensure networks are benchmarked internationally to drive efficiency gains.</p>	<ul style="list-style-type: none"> • 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"> • Establishment of a 'fit for purpose' framework for indicating projects' results by mid Q4,2022. 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, 2022. • 100% of illegal activity related to regulation of Licensees investigated by end of Q4,2022. • Established performance standards and monitoring of CWC's and WAC's performance against key metrics. 		
<p>STRATEGIC FOCUS: National Energy Policy</p>				
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. • Conduct consultation exercise to determine which regulatory guidelines are the most effective to adopt Q2, 2021. • Complete and implement regulatory framework. • Publication of Framework Document. 	<ul style="list-style-type: none"> • By 2023 facilitate 0.5 % annual cost reduction in producing and distributing water by Licensees. • By 2026, facilitate up to 1% of electricity generation from biosolids. 	<ul style="list-style-type: none"> • The facilitation and adoption of water efficiency and demand side management programmes that help consumers lower their water and wastewater bills. • Existence of energy rating system to assess the efficiency of onsite wastewater treatment systems. • Access to affordable water for irrigation purposes for



<p>Create and introduce energy rating system administered to assess the efficiency of onsite wastewater treatment systems</p>	<ul style="list-style-type: none"> • Assessment of energy rating system completed by Q3, 2021. • Conduct consultation with stakeholders (include Ministry) to determine the 'best-fit' energy rating systems for Cayman, and optimum means of implementing these for wastewater treatment systems. By Q1, 2022. • Regulatory proposals submitted to Government for approval. Q2, 2022. • Energy rating system guidelines launched. Q3, 2022. 	<ul style="list-style-type: none"> • By 2023, introduce an energy rating system that enables Licensees to realise savings in energy costs of 30% or more, and/or provide 50% savings over targeted product lifecycles compared to a 2021 baseline. • 100% adoption of the energy rating system by Licensees by 2025. 	<p>small farmers and other stakeholders.</p> <ul style="list-style-type: none"> • Reduced energy costs for wastewater treatment systems. • Protection of public health via reduction of air and water pollution. • Building a modern infrastructure to ensure a successful future for our islands. 	
<p>Strategic Focus: CUSTOMER – Consumer Protection</p>				
<p>Service Objective</p>	<p>Activity/Key</p>	<p>Outputs</p>	<p>Key Performance Indicators</p>	<p>Outcomes</p>
<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 Q1, 2022. * • Established Water Services Code of Conduct (Customer Service Standards) by mid Q4, 2021. • By end 2022 all Licensees submit complaint statistics reports e.g., time taken to resolve consumer complaints. 	<ul style="list-style-type: none"> • Transparent regulatory framework to ensure a safe, adequate, efficient, reasonable, and non-discriminatory service for consumers. • Good quality of service to consumer 	



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"> • Consultation process completed. Q1, 2021. • Creation of a critical infrastructure assets register. Q1, 2021. • Approval and gazetting of Framework consisting of standards, guidelines and/or best practices and Regulations that promote the protection of critical national infrastructure. Q2, 2021. • Publication of final CNI standards-based protection framework. Q2, 2021. • Establishment of information sharing network (including protocols) with local, international, and regional peers. Q3, 2021. • Annual Sector Resilience Report received from Licensees. Q1, 2022. 	<ul style="list-style-type: none"> • 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. • Framework to collaborate with international peers on energy sector CNI protection fully implemented by Q4 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). • Critical national water infrastructure has built in cybersecurity and physical resilience. • Enhanced Risk Management of the water sector operating environment.
Innovation				
Service Objective	Activity/Key	Outputs	Key Performance Indicators	Outcomes
Promote new and innovative technologies in water production and wastewater treatment and leverage advances in technology in the		<ul style="list-style-type: none"> • Conduct baseline study to determine existing technology, new available and feasible technology by Q4 2021. 	<ul style="list-style-type: none"> • 100% Implementation of codes and standards, regulations, and best practices by Q3 2023. • By 2024, 50% of companies that produce clean water in the Cayman 	<ul style="list-style-type: none"> • A clear process (with short-, medium- and long-term goals as well as identification of roles) for the development of new



<p>international water and wastewater sectors to advance NEP initiatives and stimulate economic development by Q4 2024.</p>	<ul style="list-style-type: none">• Evaluate suitable technologies for implementation in the Cayman Islands by Q1, 2022.• Conduct consultation with stakeholders (include Ministry) to determine the 'best-fit' technologies for the country, and optimum means of implementing new and innovative technologies in water production and wastewater treatment by Q2, 2022.• Implement the strategy by Q3, 2022.	<p>Islands utilize energy efficiency technologies in their plants in the Cayman Islands compared to a 2021 baseline.</p>	<p>technologies in water and wastewater.</p> <ul style="list-style-type: none">• Streamlined regulatory and permitting processes at the Government agencies.• Increased economic activity from investments in water and wastewater technologies enabling the Cayman Islands to become a regional leader in water and wastewater technologies compared to a 2021 baseline.• Building a modern infrastructure to ensure a successful future for our islands.
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2022 Key Performance Indicators

24. 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").
25. In 2022, 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 engagement and or interaction with the public per month	1	Monthly
	Quarterly press updates on Office activities	1	Quarterly

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

***KPI will be determined by mid-2022.

Budget and ensuring value for money

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

2022 Revenues

27. The Office was an amalgamation of the ICTA, ERA and PI and its remit has been expanded to include responsibility for regulating the water and fuels sectors.
28. Pursuant to the URC Act and Sectoral Acts 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 were 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.
29. The guidance from the URC Act and Sectoral Acts 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 Acts.
 - 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.
30. 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.
31. In 2022, the following new expenses will have to be covered by revenue:
- a. Quality of Service ("QOS") System for Broadband for the ICT sector.
 - b. Value of Solar Assessment for the Electricity sector.
 - c. National ICT Network & Service Mapping Audit for the ICT sector; and
 - d. Cost Of Service Study (COSS) for the Water sector.

32. Accordingly, it is anticipated the Office’s revenue requirements from Licences (i.e., regulatory fees in the Electricity, ICT and Water sectors, and import permit fees in the Fuels sector) for 2022 will be budgeted at \$4.8 million, which is approximately \$1.0 million greater than the \$3.8 million in revenue forecasted for 2021. The Office projects total revenue of \$6,938,183 for 2022, and a forecasted surplus of \$197,815. Planned contributions to the Reserve Funds for 2022 is \$100,000.
33. Table 1 compares the Office’s 2021 forecasted revenue to the 2022 budgeted revenue from Licences while Table 2 compares total forecasted revenue per year per sector:

Table 6: 2021 Forecasted and 2022 Budgeted Revenue from Licences
(in Cayman Islands Dollars)

Sector	Forecast	Budget
	2021 Revenue	2022 Revenue
ICT	1,872,675	2,357,377
Electricity	1,215,000	1,215,000
Fuels	89,156	140,000
Water	571,325	1,120,000
Combined	3,748,156	4,832,377

Table 7: 2021 Forecast and 2022 Budget Total Revenue
(in Cayman Islands Dollars)

Sector	Forecast	Budget
	2021 Revenue	2022 Revenue
ICT	2,374,850	2,892,968
Electricity	1,264,732	1,273,572
Fuels	1,553,191	1,636,453
Water	581,867	1,135,189
Combined	5,774,640	6,938,182

34. 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 water sector, complete negotiations with CWC and the WAC to provide for regulatory fees of \$1,100,000;
 - b. For the fuels sector, work is ongoing for the introduction of long-term sustainable funding; and
 - c. Across all sectors, proactively monitor licence compliance and vigorously pursue & enforce compliance with licence conditions, regulations, and provisions of the various applicable laws.

2022 Expenses

Combined Expenditures

35. The Office's total combined operating expenses budgeted for 2022 is \$6.7 million and the total combined operating expenses forecasted for 2021 is \$4.9 million. Operating expenses budgeted for 2022 are higher than the forecast for 2021 due mainly to new hires and the replacement of staff who left the Office in 2020 and 2021.
36. Table 3 compares 2021 forecast operating and capital expenditures to the 2022 budgeted operating and capital expenditures for the Office.

Table 3: Combined 2021 Forecast and 2022 Budget
(in Cayman Islands Dollars)

Expenses	Forecast 2021	Budget 2022
Salaries and Employee Benefits	3,559,836	4,197,240
Directors' Fees	100,904	190,399
Consultancy & Professional Fees	446,472	719,500
Legal Fees	30,280	93,750
Travel and Subsistence	5,998	62,000
Lease of Property & Equipment and Utilities	209,591	323,677
Training	36,458	111,750
Insurance	16,787	74,501
Depreciation	46,250	220,420
IT Services	144,825	334,524
Other Staff Costs	79,913	130,725
Other Operating Expenses	251,092	281,882
Total Combined Operating Expenses	4,928,406	6,740,368
Capital Expenditures	438,686	613,000

37. The Office's total combined operating expenses for 2022 will be up CI\$1.8 million from \$5.0 million forecasted for 2021. The increase is due mainly to an increase Salaries & Employee Benefits relating to new hires and replacements, higher Consultancy Fees, higher IT Services, and higher Depreciation. Explanations of significant changes from Table 3 are set out below:
- a. *Salaries and Employee Benefits* will increase by 18% due mainly to the addition of nine new staff members planned for 2022. Three of the new staff members to be hired in 2022 were originally budgeted for hire in 2021. The increase is partially offset by lower post retirement benefits budgeted for 2022.
 - b. *Consultancy Fees* will increase by \$273,028 due mainly to additional resources required to complete the National ICT Network & Service

Mapping Audit, the Spectrum audit for the ICT sector, and the Value of Solar assessment planned for the Electricity Sector.

- c. *IT Services* are up by \$189,699 due mainly to the introduction of the QOS system for Broadband.
- d. *Depreciation* is up by \$174,170 to \$220,420 due mainly to capital expenditures related to the relocation of the office and planned capital expenditures in Q4 2021 to drive a higher level of safety and compliance across the fuels industry in accordance with the Dangerous Substances Law (2017).
- e. *Lease of Property & Equipment and Utilities* are up by \$114,086 due to the relocation of the Office in Q4 2021.
- f. *Directors' Fees* are up by \$89,495 in 2022. During 2021, the Office operated without a Board from May 2021 – October 2021. In September 2021, a new Board Chairman was appointed, with 3 Non-Executive Directors appointed in October 2021. The budget for 2022 reflects Director Fee payments for 5 Non-Executive Directors and the Board Chairman for the full year.
- g. *Legal Fees* are up by \$63,470. Included in the budget for 2022 is a contingency for the CWC licensing matter.
- h. *Training Costs* are up by \$75,292 due to the inability to carry out scheduled training overseas in 2020 and 2021 as a result of the COVID-19 pandemic. The planned training has been rescheduled to 2022.

Budgeted capital expenditures are up by \$174,314 in 2022. Capital expenditure in 2022 includes leasehold improvements related to the relocation of the Office, the purchase of spectrum equipment for the ICT sector and the expansion of local laboratory capability for the fuels sector.

Sectoral Expenditures

38. For the ICT sector, Table 4 shows budgeted operating expenditures up by 38% for 2022 to \$2,794,493.

Table 4: ICT Sector 2021 Forecast and 2022 Budget
(in Cayman Islands Dollars)

Expenses	Forecast	Budget
	2021	2022
Salaries and Employee Benefits	1,397,800	1,716,110
Directors' Fees	43,290	76,160
Consultancy & Professional Fees	241,887	286,800
Legal Fees	10,240	-
Travel and Subsistence	193	32,000
Lease of Property & Equipment and Utilities	89,374	129,471
Training	13,435	48,100
Insurance	7,195	29,800
Depreciation	15,487	94,614
IT Services	77,997	252,410
Other Staff Costs	12,504	18,990
Other Operating Expenses	112,521	110,038
Total Combined Operating Expenses	2,021,923	2,794,493
Capital Expenditures	109,515	104,000

39. Explanations of significant changes in ICT sector expenses from Table 4 are set out below:
- Salaries and Employee benefits* are up by 23% or \$318,310 due mainly to the addition of one new staff member in ICT and the replacement of the Executive Director ICT (EDICT). The EDICT post has been vacant since August 2020.
 - IT Costs* are up by \$174,413 to \$252,410 due mainly to the introduction of a QOS system for Broadband.
 - Depreciation* is up by \$79,127 due mainly to capital expenditure related to the relocation of the Office and the purchase of equipment to assist with the management of spectrum.
 - Consultancy & Professional Fees* are up by \$44,913 to \$286,800. In 2022, the Office plans to retain the expertise to carry out the National ICT Network & Service Mapping Audit and a Spectrum Audit for the ICT sector.

40. Table 5 shows budgeted operating expenditures for the electricity sector up 18% for 2022 to \$1,165,580.

Table 5: Electricity Sector 2021 Forecast and 2022 Budget
(in Cayman Islands Dollars)

Expenses	Forecast	Budget
	2021	2022
Salaries and Employee Benefits	704,448	785,969
Directors' Fees	23,109	33,320
Consultancy & Professional Fees	67,214	124,850
Legal Fees	1,728	-
Travel and Subsistence	206	4,500
Lease of Property & Equipment and Utilities	48,578	56,643
Training	11,069	17,325
Insurance	3,837	13,038
Depreciation	8,260	24,914
IT Services	26,825	24,887
Other Staff Costs	27,593	30,308
Other Operating Expenses	54,891	49,826
Total Combined Operating Expenses	977,759	1,165,580
Capital Expenditures	58,578	49,400

41. Explanations of significant changes in electricity sector expenditures are set out below:
- a. *Salaries and Employee benefits* are projected to experience an increase of \$81,521 due mainly to the allocation of indirect staff costs for new hires and the allocation of staff costs in this sector. Total staff payroll costs have increased for the Office, with a portion of the costs for three new roles contributing to the total costs allocated to this sector. It is also anticipated that staff from the Electricity Sector will dedicate less time to the water sector in 2022. The water sector is expected to hire one new staff member in 2022.
 - b. *Consultancy and Professional fees* will increase by \$57,636. The Office plans to engage external expertise to assist with the completion of Value of Solar assessment in 2022.

42. Table 6 shows budgeted operating expenditures up 20% for 2022 to \$1,883,264 for the Fuels Sector.

Table 6: Fuels Sector 2021 Forecast and 2022 Budget
(in Cayman Islands Dollars)

Expenses	Forecast	Budget
	2021	2022
Salaries and Employee Benefits	1,164,188	1,232,164
Directors' Fees	28,650	57,120
Consultancy & Professional Fees	110,788	140,100
Legal Fees	17,880	-
Travel and Subsistence	5,547	20,500
Lease of Property & Equipment and Utilities	59,511	97,103
Training	11,285	37,450
Insurance	4,796	22,350
Depreciation	20,437	83,096
IT Services	33,336	37,307
Other Staff Costs	38,149	53,768
Other Operating Expenses	75,756	102,306
Total Combined Operating Expenses	1,570,324	1,883,264
Capital Expenditures	257,859	423,200

43. Explanations of significant changes in fuels sector expenditures shown in Table 6 are set out below:
- a. *Depreciation* has increased by \$62,659 to \$83,096 as a result of planned capital expenditures that will materialize in Q4 2021 and 2022 to drive a higher level of safety and compliance across the industry in accordance with the Dangerous Substances Law (2017).
 - b. *Salaries and Employee benefits* has increased in 2021 by 6% or \$67,976 due mainly to three new hires expected during 2022 in this sector. The increase related to new hires is significantly offset by lower Post-Retirement Health Care Costs of \$259,000 for 2022.

44. Table 7 shows budgeted operating expenditures for the Water Sector up by 150% for 2022 to \$897,032.

Table 7: Water Sector 2021 Forecast & 2022 Budget
(in Cayman Islands Dollars)

Expenses	Forecast	Budget
	2021	2022
Salaries and Employee Benefits	293,400	462,997
Directors' Fees	5,856	23,800
Consultancy & Professional Fees	26,583	167,750
Legal Fees	432	93,750
Travel and Subsistence	52	5,000
Lease of Property & Equipment and Utilities	12,128	40,460
Training	669	8,875
Insurance	959	9,313
Depreciation	2,065	17,796
IT Services	6,667	19,920
Other Staff Costs	1,667	27,659
Other Operating Expenses	7,924	19,712
Total Combined Operating Expenses	358,401	897,032
Salaries and Employee Benefits	12,734	36,400

45. Explanations of significant changes in water sector expenditures in Table 7 are set out below:
- a. *Salaries and Employee Benefits* is projected to increase by \$169,597 due to the addition of one new senior staff member for this sector in 2022.
 - b. *Consultancy & Professional fees* will increase by \$141,167 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).
 - c. *Legal Fees* will increase by \$93,318 to \$93,750. It is anticipated that the Office will engage legal support for the CWC licensing matter.

Executive and Non-Executive Remuneration

46. 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 2021 and 2022 respectively.

Table 8: Forecasted Executive and Non-Executive Remuneration in 2021
(in Cayman Islands Dollars)

	ICT	Electricity	Fuels	Water	Combined
Executive	257,629	161,389	273,773	161,254	854,045
Non-Executive	69,236	30,291	69,236	21,636	190,400
Total	326,865	191,680	343,009	182,890	1,044,445

Table 9: Budgeted Executive and Non-Executive Remuneration in 2022
(in Cayman Islands Dollars)

	ICT	Electricity	Fuels	Water	Combined
Executive	62,158	231,704	271,865	231,704	797,431
Non-Executive	43,120	23,018	28,536	5,833	100,507
Total	105,278	254,722	300,401	237,537	897,938

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