



**Board of Directors Meeting of the  
Utility Regulation and Competition Office  
held on Wednesday, 16 September 2020, at 9:00 am  
(Via Virtual Conference)  
Special Meeting 4 of 2020**

**Minutes**

**In attendance:**

Dr. the Hon. Linford Pierson, Chair (Chair)  
Mr. Ronnie Dunn, Non-executive Director (RD)  
Mr. Rudy Ebanks, Non-executive Director (RE)  
Mr. Paul Byles, Non-executive Director (PB)  
Mr. Phillip Ebanks, Non-executive Director (PE)  
Mr. Malike Cummings, Chief Executive Officer (CEO)  
Mr. Duke Munroe, Chief Fuels Inspector/Director Fuels Markets (CFI)  
Mr. Sonji Myles, Acting Executive Director ICT (AEDICT)  
Ms. Alison Maxwell, Assistant General Counsel/Secretary (AGC/S)  
Mr. Louis Boucher, Deputy Director Energy & Utilities (DDEU) (By invitation)  
Mr. James Whittaker, President of CREA (JW) (By invitation)

**Apologies:**

Mr. Gregg Anderson, Executive Director Energy & Utilities (EDEU)  
Mr. Christen Suckoo, Chief Operating Officer (COO)  
Mr. Gene Banks, Non-executive Director (GB)

**Start: 9:12 am End: 11:58 am**

**1. General**

- 1.1** Welcome and Prayer – The Chair welcomed all board members and Mr. Whittaker. The AGC/S said a prayer.
- 1.2** Approval of Agenda – Moved by PB and seconded by RD.

**2. Declaration of Interest**

JW declared that he was the founder of GreenTech Group Limited, as well as the President of the Cayman Renewable Energy Association.

**3. Board Matters**

- 3.1** Presentation by Cayman Renewable Energy Association (CREA) – JW thanked the Board for having him. JW presented his executive summary dated 14 September 2020, which was previously shared with the Board and was inserted in the Board papers folder for this meeting. CREA is asking the Board to approve



A) Priority approval of an “Interim” Residential allocation of CORE for 1MW transferred from the DER program and comprised of 250KW at the existing CORE rates, given the abrupt nature of the CORE stoppage to consumers without warning and 750KWs at a rate of .22 cents per KWh to take the industry through 2021. This allows for the industry to remain viable and stable while providing sufficient time for CREA to engage further with OfReg and its Board in regards to planning new programs and initiatives such as a working group for developing a transparent rate setting methodology, which includes the costs and benefits of Distributed (Rooftop) solar to the country that allows us to push down the subsidy to elimination while also keeping consumer options viable. CREA stressed that the benefits of consumer renewables, in terms of jobs and economic benefits to the Cayman Islands, provides a net benefit to the country as a whole, is required in Government’s National Energy Policy and is aligned with Government job creation efforts via its Strategic Economic Advisory Council (SEAC).

B) Approval of multiple-MWs of pre-set CORE allocation at continually reducing rates, which can be taken from the future 12MW CUC battery allocation and not commissioned until the battery comes online in Q4 2021. This to ensure there is a PPA program that provides stability and transparency for consumers and eliminates the constant uncertainty, stopping and starting of the programs that leads to artificial demand cycles, industry disruption, higher risks and higher costs of energy.

C) Priority approval of commercial CORE allocation (at 0.134 PPA rate) which can be taken from the future 12MW CUC battery allocation and not commissioned until the battery comes online in Q4 2021, that allows for system sizes limited to 250KW’s (as per DER CORE) unless otherwise approved by CUC through a grid study paid for by the commercial CORE customer. Thus providing low cost consumer renewable energy ‘at scale’ sufficient to make the program viable.

D) Consider approval of a Distributed Generation ‘Auction’ at .12 cents per KWh PPA rate which can be taken from the future 12MW CUC battery allocation and not commissioned until the battery comes online in Q4 2021. A PPA program which does not require loads on buildings (as with the CORE and DER programs) and also provides direct payments to customers or financing entities for the energy produced (thus eliminates credit risk). This maximizing the use of large rooftops to provide low cost unsubsidized renewable energy and create added value for Cayman’s consumers who own such roof spaces which are currently unrealized assets.



**3.2** Discussion re Board's response to CREA's Presentation – DDEU gave a presentation of OfReg's response to CREA's presentation, which was previously circulated to the Board and was inserted in the Board papers folder for this meeting.

The DDEU's presentation provided a holistic view of OfReg's mission, functions and the various stakeholders that it must take into consideration while conducting its deliberations as well as the inputs OfReg must consider when making decisions that affect the general public. The presentation also gave the Board an indication as to the magnitude of the cross-subsidy that would continue to burden electricity consumers if the Board continued to approve highly subsidized CORE rates such as Option (b) of CREA's proposal. The proposed CREA "5 Year Rate Reduction" CORE rates would continue consumer cross-subsidization to the tune of over \$20M over 25 years.

It was also highlighted that the Board had previously voted that CORE would be terminated due to the unsustainability of cross-subsidized rates and that certain recommendations put forward by CREA had already been designed and implemented by the former ERA and OfReg. The DDEU asked the Board whether small scale (5 - 10kW) Distributed Generation (DG) was an economic way of achieving the goals of the National Energy Policy (NEP) when cheaper alternatives are available that more economically meet the broader social and environmental goals of the NEP.

OfReg has also considered the DG Auction concept as a means for adopting efficiency and more economic rates for DG however the DDEU noted that the 12 cents/kWh proposed by CREA would also continue to be at subsidized rates to the tune of \$1.4M/MW over a 25 year period.

The DDEU pointed out that the DER programme currently has 500 kW signed up with an additional 2.1 MW in the pipeline. DER actually has distinct advantages and benefits that accrue back to consumers while also meeting the goals of the NEP.

The DDEU explained that the recent reallocation from DER to CORE was done to give consumers options while aiming to eliminate cross-subsidization in line with Goal 3 of the NEP as well as the principle functions of OfReg while continuing to support Goal 4 of the NEP.

The DDEU explained to the Board that at the new CORE rate of 13.4 cents/kWh, a 10 kW system fetches a 7.3% internal rate of return. In comparison, CUC's 2019 Return on Rate Base was 7.2%. He also added that the Solar DG industry and CREA suppliers are currently unregulated compared to CUC and other electricity suppliers.





Finally, the DDEU highlighted that the 20MW Battery Energy Storage Project will allow the grid to take on an additional 12MW of Intermittent DG Resources and that, OfReg's focus is now on designing new programmes and economic rate structures to offer more choices and more certainty as it continues the growth of DG to meet the goals of the NEP.

RD reiterated OfReg's goal to be inclusive and transparent in its decision-making processes. It was recommended that a working Committee be formed (including a representative from CREA) to ensure that all relevant factors are afforded appropriate consideration and weighting in arriving at the recommended rates for CORE. The Board accepted this recommendation.

PB expressed concern regarding the methodology utilised to arrive at the figure of 13.4cents per KW. He argued that the stringent methodology to arrive at the most efficient and lowest price was potentially also a constraint on the ability for the Cayman Islands to innovate and arrive at renewable energy solutions and achieve the broader NEP goals and objectives. It was agreed that this methodology would be further examined.

Discussion ensued between Board Members and JW.

The AEDEU communicated to the Board that the EDEU, who was not in attendance at the meeting, expressed concerns with the written representation from CREA that was previously shared.

Another meeting will be scheduled in due course for the Board to discuss the matter in more detail.

#### 4. Adjournment

A handwritten signature in black ink, appearing to read 'M. H. ...'.

20 October 2020