

PRESS RELEASE



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OfReg releases 3 MW of Distributed Generation Capacity to Consumer Owned Renewable Energy (CORE) and Distributed Energy Resources (DER) Programmes

In November 2022, Caribbean Utilities Company, Ltd. (“CUC”) & The Utility Regulation and Competition Office (“OfReg”) announced the initiation of two independent studies which would be followed by an update to the public regarding the plans for upcoming distributed generation renewable energy solar programmes in early 2023. The study undertaken by CUC analyzed the impact of additional renewable energy on fuel efficiency of the Company’s existing generating units. The study undertaken by OfReg analyzed the value of solar.

With the conclusion of CUC’s study (OfReg’s study is still in progress), OfReg has announced that effective March 1, 2023 there will be an initial release of 3 megawatts (“MW”) of capacity allocated to the Consumer Owned Renewable Energy (“CORE”) and Distributed Energy Resources (“DER”) Programmes as the findings indicate additional renewable energy within appropriate limitations will cause no negative impact to fuel efficiency, at the current price of oil.

In addition to the 3 MW capacity release for the CORE and DER Programmes as at March 1, 2023, CUC and OfReg anticipate further general capacity allocation and new distributed renewable generation programme development to fill another 6 MW of capacity. It is expected that the additional allocation will occur prior to the commercial operation date of the 20 MW Battery Energy Storage System (BESS).

The extension of the CORE Programme will continue to be limited to smaller systems of capacity with the previously established tariff rates of CI \$0.175 per kilowatt-hour (\$0.175/kWh) for solar PV systems 5kW and below, and a FIT rate of CI \$0.15/kWh for systems between 5kW and 10kW. As before, the size of any individual consumer system is restricted to the normal kW peak load of the consumer, if less than 10 kW. The DER Programme provides opportunities for system sizes up to 250 kW, or the normal kW peak load of the consumer, whichever is less.

The CORE and DER Programmes take into consideration the long-term goals of the National Energy Policy and the Integrated Resource Plan and continue to provide incentives for consumers to generate energy from renewable sources. The programmes allow customers to connect renewable energy systems, such as small-scale solar systems or wind turbines, to CUC's distribution system and to reduce their monthly energy bills by generating their own electricity while remaining connected to the CUC grid.

Interim CEO of OfReg, Mr. Peter Gough, says, "OfReg will continue to develop a plan to release the remaining capacity to achieve the 29MW limit and will be announcing this plan 3 months from the release of the initial 3MW."

President and Chief Executive Officer of CUC, Mr. Richard Hew, says, "The CORE and DER Programmes have proven popular with both residential and commercial customers and we anticipate that the extension to these programmes will be rapidly taken up by our customers and will assist in our goal of reducing the Cayman Islands' dependence on fossil fuels. In advance of the commercial operation of the planned 20 MW Battery Energy Storage System ("BESS"), which is anticipated to support further deployment of intermittent renewable resources to the grid, CUC conducted an incremental distributed solar study. This was to ensure the benefits of releasing increased solar capacity, within grid technical limits, outweighed the operational costs and constraints of managing additional intermittent generation. Our Company remains committed to promoting and developing renewable energy as a source of electricity generation and we believe that programmes including but not limited to CORE and DER demonstrate that commitment."

Customers wishing to obtain further details may contact CUC's Customer Service Department at CORE@cuc.ky or 949-5200.

The CORE Credit & Interconnection Agreement and the DER Excess Energy Sale & Interconnection Agreement between the consumer and CUC will set out the terms under which services, connectivity, metering and billing credits will be governed. The agreements, which also act as the method by which customers apply, will be released on CUC's website at www.cuc-cayman.com on March 1, 2023. Further information regarding the application process will be distributed by CUC.

ABOUT OFREG The Utility Regulation and Competition Office ('OfReg' or the 'Office') is the independent regulator established by section 4 of the Utility Regulation and Competition Act (as revised) (the 'URC Act') for the electricity, information, and communications technology, water, wastewater, and fuel sectors in the Cayman Islands. OfReg provides the opportunity for consistency and collaboration in regulation across the energy, fuel, ICT, and water sectors; better utilisation of skills and resources resulting in more efficient and effective regulatory processes; encouraging competition where appropriate and feasible; championing sustainability and innovation across markets, contributing to the economic and social goals of the Cayman Islands.

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