



**FOR IMMEDIATE RELEASE**

## **URCO launches Consultation on Draft Determination to Amend Island Energy Limited Transmission and Distribution Licence**

**GRAND CAYMAN, Cayman Islands – 6 February 2026.** The Utility Regulation and Competition Office (URCO) has published E&U 2026 – 1, a Draft Determination on the proposed amendment of Island Energy Limited's (IEL) (Formerly Cayman Brac Power and Light) Transmission and Distribution (T&D) Licence. The consultation period opened on 2 February 2026 and will close at 5:00 p.m. on 16 February 2026.

The Draft Determination has been issued in accordance with the Utility Regulation and Competition Act and provides an opportunity for IEL, and any other interested person to comment on proposed licence amendments.

### **Purpose of the Draft Determination**

The proposed amendments are intended to strengthen consumer protection in electricity services for Cayman Brac and Little Cayman. The Draft Determination establishes clear rules governing how electricity charges are set and adjusted, providing consumers with greater transparency and predictability while ensuring the licensee can maintain reliable service delivery and improve efficiencies in energy production.

Importantly, the proposed regulatory framework will provide IEL with the clarity needed to move forward with planned investments in renewable energy infrastructure. By establishing a transparent and sustainable rate-setting mechanism, URCO aims to facilitate the transition toward cleaner energy sources while protecting consumers from unpredictable price fluctuations.

### **Key elements of the proposed amendments**

The Draft Determination includes a proposed amended T&D Licence, which introduces or updates provisions relating to:

- **Rate Cap and Adjustment Mechanism (RCAM):** The proposed RCAM would take effect from 1 January 2026, with annual rate adjustments requiring URCO approval where necessary and linked to inflation and productivity factors, while incorporating safeguards based on the licensee's allowed return on rate base.



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- **Rate structure and base rates:** Base Rates would be clearly defined and restructured to exclude fuel costs and government or regulatory charges, improving transparency for consumers. Customers will be able to see exactly what portion of their bill reflects the cost of electricity delivery versus pass-through costs beyond the utility's control.
- **Pass-through charges:** Fuel costs and government and regulatory costs would be shown as separate line items on customer bills, supported by tracker accounts to ensure these costs are passed through without financial gain licensee. This transparency measure protects consumers by ensuring they only pay actual costs without hidden markups.
- **Reporting and oversight:** Enhanced reporting obligations are proposed, including quarterly operational reporting and cost-of-service studies, alongside a five-year review of RCAM and rate design. These measures strengthen URCO's ability to monitor the utility's performance and protect consumer interests through evidence-based regulation.

### **Consultation and stakeholder input**

URCO considers consultation to be a fundamental element of regulatory accountability and procedural fairness. Consumer input is particularly important in ensuring that the proposed framework adequately protects residential and business customers while supporting the investment needed for reliable and sustainable electricity services.

Stakeholders are invited to comment on the Draft Determination,

The Draft Determination and supporting documents are available on URCO's website at <https://www.ofreg.ky/consultations>.

All submissions must be made in writing and received by **5:00 p.m. on 16 February 2026**.

Submissions may be sent by:

- **Email:** [consultations@ofreg.ky](mailto:consultations@ofreg.ky)
- **Post:** Utility Regulation and Competition Office, P.O. Box 10189, Grand Cayman KY1-1002
- **Courier:** Utility Regulation and Competition Office, 3rd Floor, Monaco Towers II, 11 Dr. Roy's Drive, Grand Cayman



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Parties submitting confidential information are required to also provide a redacted version for the public record, together with reasons for confidentiality, in accordance with section 107 of the Utility Regulation and Competition Act. Requests for extensions must be submitted no less than four (4) days before the consultation deadline and must include a full justification.

Following consideration of submissions received, URCO will issue a Final Determination. If adopted, the amended T&D Licence will take effect upon approval by URCO's Board of Directors.

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**ABOUT URCO** The Utility Regulation and Competition Office ('OfReg'. 'URCO', or the 'Office') is the independent regulator established by section 4 of the Utility Regulation and Competition Law (as revised) (the 'URC Law') for the electricity, information, and communications technology, water, wastewater and fuel sectors in the Cayman Islands. URCO provides the opportunity for consistency and collaboration in regulation across the ICT, energy, fuel, 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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