OfReg

Annual Report
2023

About
This Report

This Annual Report is for the Utility Regulation and Competition Office (the 'Office' or 'OfReg'). The report outlines OfReg's performance during the period from January 1, 2023 to December 31, 2023 and compares it to the budgeted performance for the corresponding year.

The requirement for an Annual Report is prescribed under section 52 of the Public Management and Finance Act (2020 Revision)('PMFA'). Section 52 states:

1. In respect of each financial year, each statutory authority and government company shall prepare an annual report.
2. An annual report shall report the performance of the authority or company and compare it with that proposed in the ownership agreement for that financial year and shall include -
   a) a summary of the nature and scope of the activities of the authority or company during that financial year;
   b) a summary of the extent to which the strategic goals and objectives of the authority or company described in the annual ownership agreement were achieved;
   c) a summary of the extent to which the ownership performance targets set out in the authority's or company's annual ownership agreement for that financial year have been achieved in that financial year;
   d) for the financial years –
      i) 2004/5 to 2007/8, unaudited financial statements; or
      ii) 2008/9 and onwards, audited financial statements, which shall be prepared on a basis consistent with the forecast financial statements in the authority's or company's annual ownership agreement for that financial year and contain the statements and information set out in Schedule 4.
   e) the amount of any equity investment made by the Cabinet in the authority or company during the financial year;
   f) the amount of any capital withdrawals made by the Cabinet from the authority or company during the financial year;
   g) the amount of any dividends or profit distributions paid by the authority or company during the financial year;
   h) the amount of any loans to the authority or company by the Cabinet during the financial year; and
   i) details of any guarantees relating to the authority or company made by the Cabinet during the financial year.
3. The financial statements referred to in subsection (2)(d) shall be prepared within two months of the end of the financial year.

   (3A) The financial statements referred to in subsection (2)(d)(ii) shall be submitted to the Auditor General for auditing, and the Auditor General shall express an opinion within two months of receipt of the financial statements.

Table of Contents

For more information please contact:

OFREG
PO Box 10189
Grand Cayman KY1-1002
Cayman Islands

info@ofreg.ky
P: +1 (345) 946 4282
F: +1 (345) 945 8284

Message from the Board Chairman

> I congratulate the staff for their commitment to upholding excellence and for the way they have delivered the 2023 work programme.

Looking back at the results of 2023, I am very pleased with the growth the Utility Regulation and Competition Office ('OfReg' or 'Office') achieved, and the positive impacts made toward promoting excellence within the organization and the sectors regulated.

Continued confidence in our organization is a key tenet of our governance philosophy. We recognize that confidence among those we regulate, consumers, and other key stakeholders is a privilege earned through consistent service delivery at the highest standards, and requires the demonstration of probity and effective stewardship at every level of the organization.

Our critical national Infrastructure assets facilitate commerce, ensure a safe supply of drinking water and fuel, create opportunities, and connects us to the world, and to each other. It is the backbone of our economy and a crucial part of public safety.

The Office took several enforcement actions in 2023; the necessity for these actions was unfortunate; however, I believe the willingness to undertake them was necessary for the protection of consumers, our environment, and the rules established for fair trade among the sectors regulated.

The Board is resolute in its commitment to effective regulation. This may not always be visible to consumers. In many ways, the effectiveness of the Office is not what the public sees, rather, it is that which is not seen.

We do not see rolling power interruptions lasting days (sans a natural disaster); we do not see widespread waterborne illnesses; reports of damaged vehicles due to poor fuel quality, or sustained loss of telecommunication connectivity.

The reasons we do not see those things are due in part to the standards which OfReg is mandated to uphold among service providers. This ensures our electricity grid remains stable, our water is safe to drink, fuel storage and distribution are safe, and our ICT networks are protected.

I am very happy to welcome the new members to the Board and the relevant skills and expertise they bring to OfReg. This has helped us deal with the increasing workload of the Board and enabled us to set up technical committees to deal with sector related issues.

I congratulate the staff for their commitment to upholding excellence and for the way they have delivered the 2023 work programme. I've been encouraged and inspired by their professionalism, ingenuity, and hard work as they continuously work to implement measures to ensure the protection of consumers and the reliability of local utility services.

It is with great humility and a sense of responsibility that we serve residents and visitors through a mission to deliver the highest standards of regulation to our local utility industries.

This Annual Report outlines the steps we took in 2023 to pursue that mission and our plans for the year ahead.

On behalf of the Board of Directors, I would also like to recognize the support of the Government in providing the policy framework and resources necessary to do our work; and of the public for their patience and understanding as we take the necessary actions to ensure effective regulation.

The Board remains committed to the continued development of OfReg, and reaffirms its support for the organization and its efforts toward excellence. This is an exciting time OfReg, and I am honored to be a part of this journey.

Sincerely

Samuel Jackson
Board Chairman

Message from the CEO

> As our economy and the people we serve grow, our philosophy of commitment to excellence remains steadfast – to ensure the highest standards within the sectors we regulate and the safety and comfort of the public we serve.

I am pleased to join our Board Chairman in presenting the 2023 Annual Report for the Utility Regulation and Competition Office.

Much of the work the Office undertook in 2023 was centered around the protection of consumers. The appointment of our first Consumer Council was a crucial step in enhancing this protection and will provide an effective conduit for the channeling of consumer representations to the Office.

The Office continues to champion the need for consumer protection regulation for all sectors in 2023. These regulations were submitted to Cabinet in 2022 and will further enhance consumer protection and clarify provider expectations. These actions represent the ongoing maturation of the Office and are expected to continue in future years.

Where we find failures by licensees and operators to comply with prescribed Laws and Regulations, we will not hesitate to exercise our authority and impose fines and sanctions at appropriate levels to discipline operators and warn others of the consequences of non-compliance. Our underpinning legislation mandates that the Office listen, evaluate, and act fairly, impartially, and with the appropriate balance.

It is a natural tendency for consumers to demand services at the lowest fees; however, the Office must frequently balance those expressed desires against other priorities, including those to ensure safe and reliable operations in our energy, communication, and fuel sectors. Providers and operators must be allowed to make a fair return. If prevented from doing so, their ability to invest in equipment upgrades, training, and infrastructure expansion would be stymied. This could lead to service instability, and present unacceptable risks to public safety.

In 2023, we completed the first stage of the Office's restructuring by combining the leadership in the fuels, energy, and utilities sections. Our general reserve balances were also enhanced to provide the Office with some six months of operating funds in the event of unforeseen circumstances.

The Office welcomed new members to the Board in the middle of the year. The Board was also restructured to reflect and meet the demands of an increasing workload and to ensure the Office delivers its remit as the utilities regulator.

I was also very pleased with the standardization of the salary scale and the award of a much-needed cost of living increase to staff. The approved changes to these personnel emoluments offered a significant boost to our loyal and hardworking staff who are our primary instrument for delivering excellence.

In 2023, we focused on staff development providing opportunities for training in regulatory natters and management for all staff.

As our economy and the people we serve grow, our philosophy of commitment to excellence remains steadfast – to ensure the highest standards within the sectors we regulate and the safety and comfort of the public we serve. This may sometimes require decisions that are not always popular; however, we will continue to boldly make those decisions where they are in furtherance of fairness, safety, and reliability.

The outstanding performance outlined in this report was made possible by the dedication and commitment of our hardworking staff. To them, I extend my sincere thanks and congratulations for a job well done.

We are grateful for the support of our Board, Governmeent, and the community we serve. Their trust is a privilege we hold dear, and the reason we continuously strive to ensure excellence in all that we do.

Peter Gough
Interim Chief Executive Officer

Who We Are

OfReg was established as a multi-sector regulator by section 4(1) of the URC Act, with the principal functions to promote objectives set out in policies; promote effective and fair competition; protect the short term and long-term interests of consumers in relation to utility services, and to promote innovation and facilitate the economic and national development of the Cayman Islands.

OfReg is an amalgamation of the Information and Communications Technology Authority (ICTA), the Electricity Regulatory Authority (ERA), and the Petroleum Inspectorate, which hitherto had been a Department of the Government of the Cayman Islands.

OfReg is the independent regulator for the energy, fuels, information, and communications technology ('ICT'), and water sectors, in the Cayman Islands. The Office also regulates the use of electromagnetic spectrum, and manages the .ky internet domain. The Office is guided by the necessity to balance the needs of consumers, investors, and sectoral utilities. In doing its work it must recognise the importance of a fair return to investors, whilst also ensuring that the operating environment is fair for all sectoral providers, and protecting the interests of consumers. The Office is statutorily obligated to promote and be guided by the National Energy Policy ('NEP')

Vision

Fair Regulation for Consumers & Industry

Mission

To ensure safe, reliable, economic public utilities to businesses and the people of the Cayman Islands.

What We Do

- Ensure that service providers operate in an environment that is fair and provides an opportunity to realise reasonable return on investment;
- Advocate on behalf of consumers;
- Adopt and enforce regulations that are in the public interest and ensure that service providers comply with established regulations;
- Create standards and policies that protect the safety of the public;
- Explore innovation that will encourage the efficient and cost-effective delivery of utility services;
- Consider the economic and environmental impacts of all matters before the Office;
- Encourage the conservation of natural resources and environmental preservation;
- Ensure effective methods of communicating the Office's areas of regulation, decisions and their impacts on the public;
- Develop and promote activities that encourage stakeholder trust and confidence; and
- Serve the public interest through a commitment to professionalism, diversity, mutual respect, and ethical conduct.

Our Strategic Plan

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

- Actively adapt to changing policy, technologies, and markets
- 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 economical cost

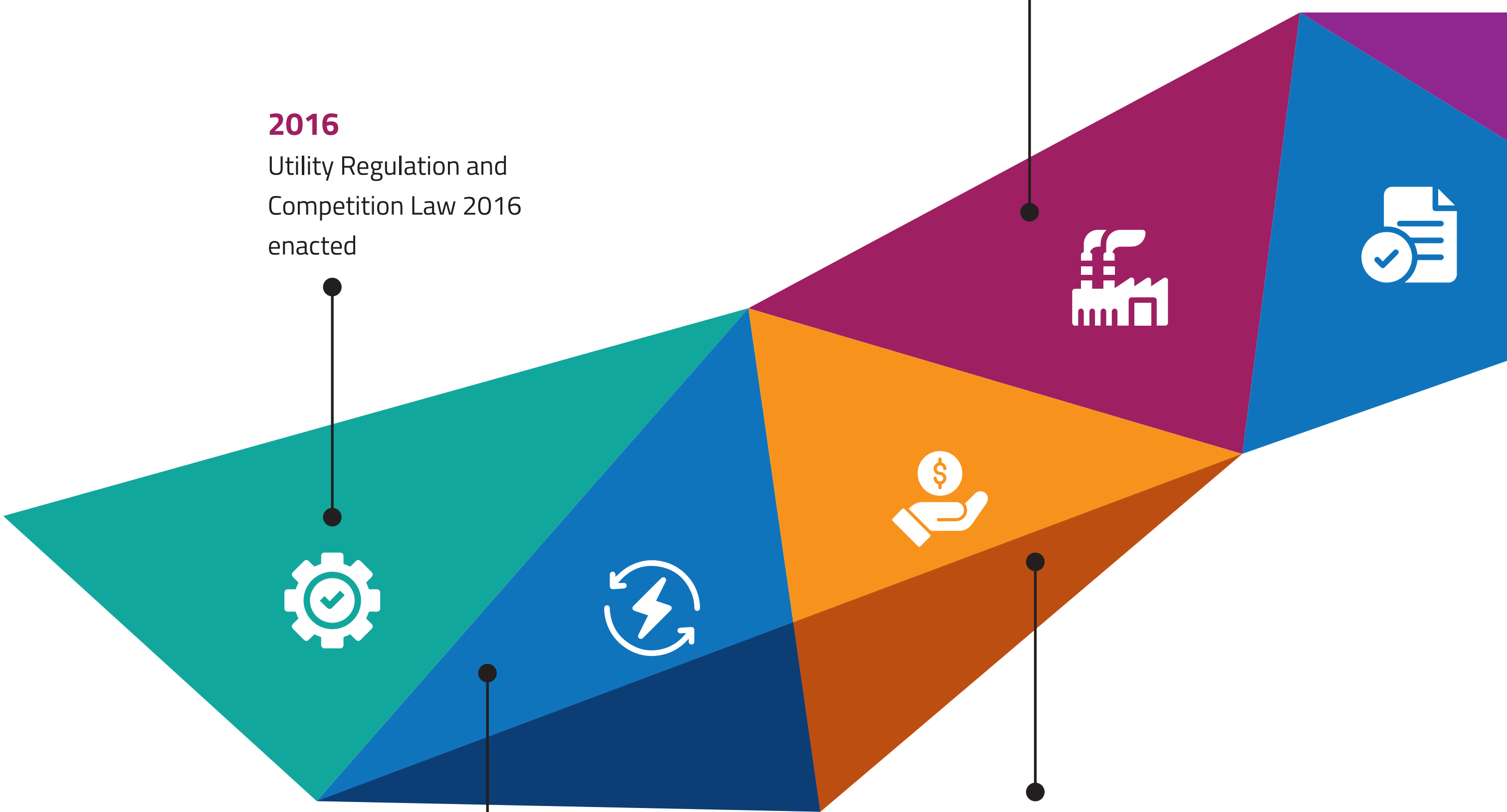
Strengthen our detection and response capability to non-compliance

Promote effective and fair competition, protect the interests of consumers, and facilitate innovation to promote economic and national development.

OfReg: A Brief History

MISSION

TO ENSURE SAFE, RELIABLE, ECONOMIC PUBLIC UTILITIES TO BUSINESSES AND THE PEOPLE OF THE CAYMAN ISLANDS.



2016

Utility Regulation and Competition Law 2016 enacted

2017

OfReg operations commenced January 16 2017

- OfReg approved changes to the Consumer-Owned Renewable Energy (CORE) Programme
- 1st commercial set of market reviews in the Cayman Islands' telecoms sector

2018

OfReg issues advisory, for licensing of water sector

- OfReg releases report on solar photovoltaic power plant
- Completion of report on Jackson Plant incident 2017

2019

- OfReg approved a 20-Megawatt utility-scale battery energy storage project for CUC, paving the way for annual consumer savings of approximately $5million
- Issued new Generation and T&D Licence to CBP&L
- Updated ICT Outage Reporting rules

OUR JOURNEY SO FAR

2020

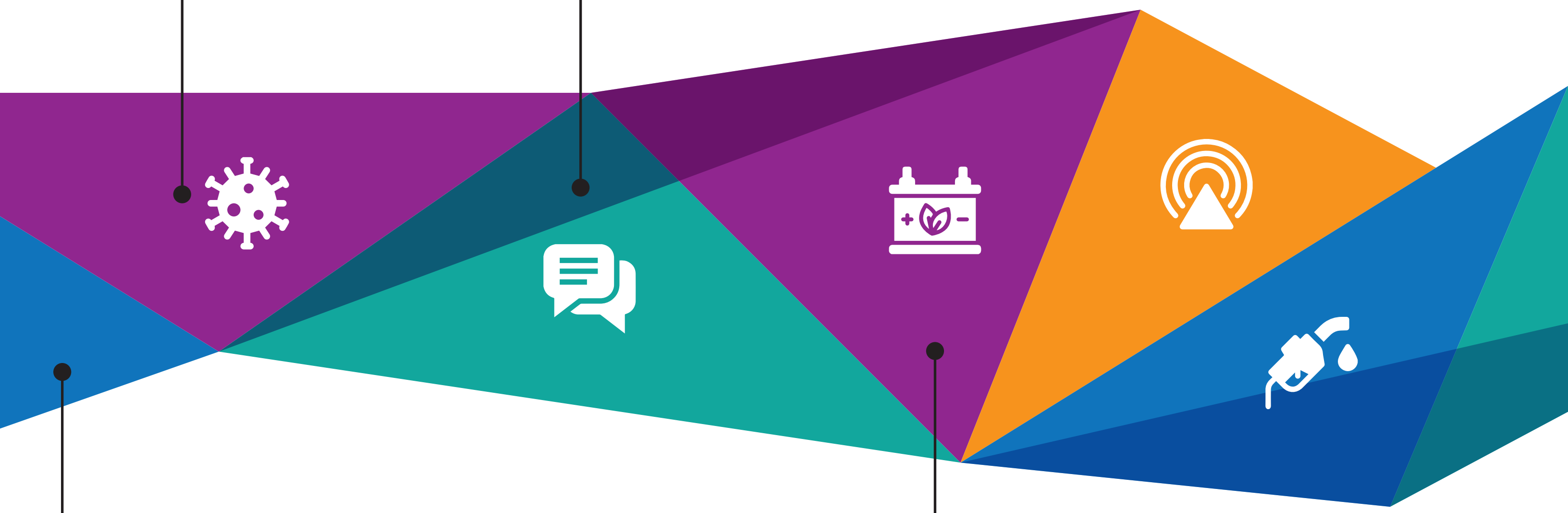
OfReg ensures continuity of essential services during COVID-19 Pandemic

- OfReg supported Government's effort in providing free Wi-Fi across the Cayman Islands during the pandemic
- Completed it's first Performance Audit

2022

OfReg announces Interim CEO, Peter Gough

- OfReg commissioned Value of Solar Study for the Cayman Islands
- OfReg investigation found a communication company overcharged its fixed line business customers
- Introduction of ILM training for Senior Management
- Issued determination on infrastructure sharing matters in a dispute between 2 licensees



2021

- OfReg Approves New Consumer Owned Renewable Energy (CORE) Tariff
- Conducted 1st Customer Satisfaction survey
- Completed Fuels Market Definition and Economic Assessment
- Issued the first Internet Exchange Pant Licence

2023

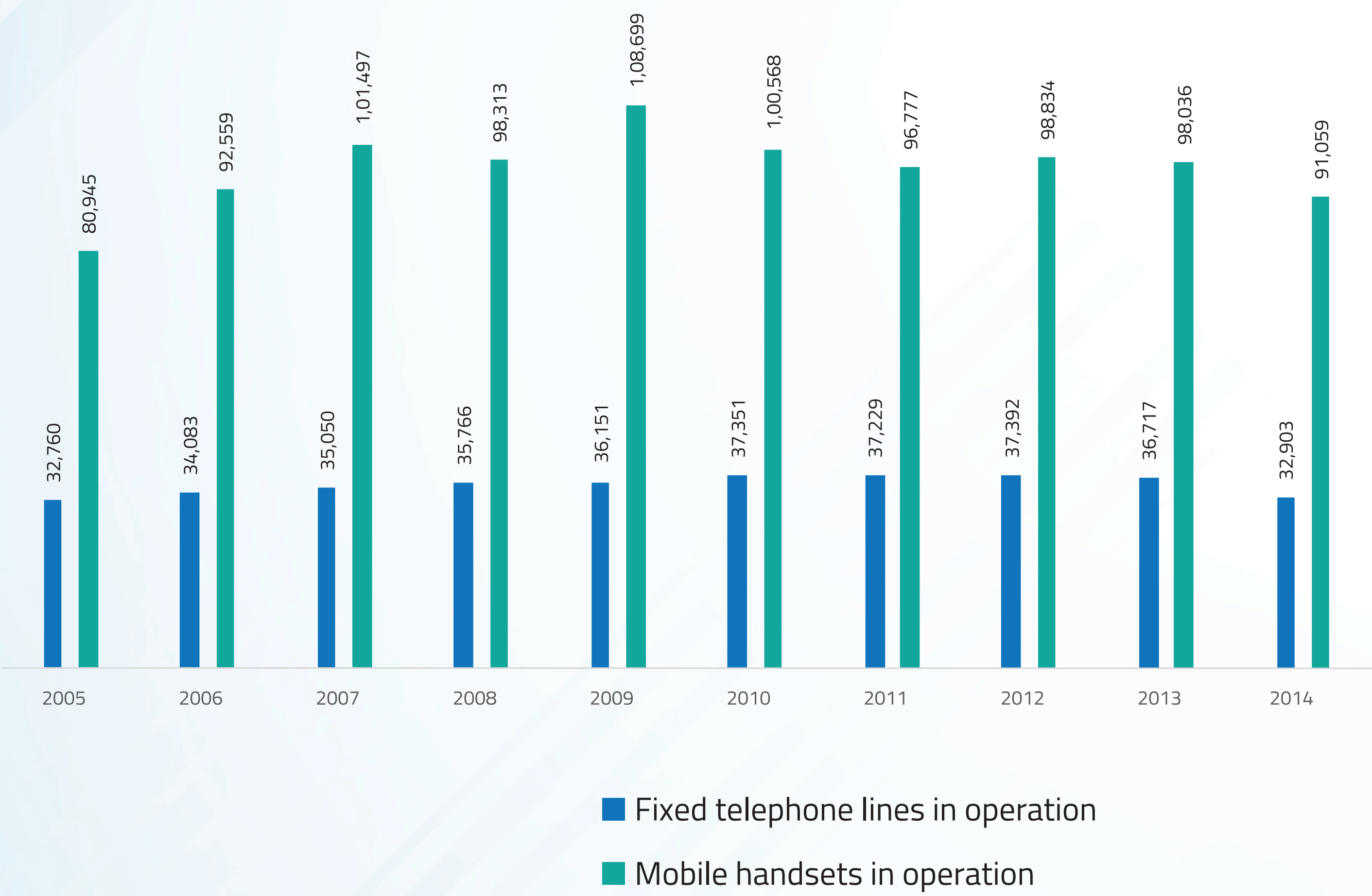
- Consumer Council appointed
- OfReg releases 3 MW of Distributed Generation Capacity to Consumer Owned Renewable Energy (CORE) and Distributed Energy Resources (DER) Programmes
- OfReg leadership visits Cayman Brac to view the current infrastructure and installations
- UK Regulator Ofgem offers support to OfReg
- OfReg announces release of further 6MW of capacity to CORE programme
- OfReg takes enforcement actions for licence breaches by providers and operators

Statistics

● Fixed telephone lines in operation

32,760
2005

25,499
2023



Mobile handsets in operation

80,945

2005

1,25,698

2023

Sector Overview

Consumer Affairs

Our financial year kicked off in January with the appointment of the first members to the Consumer Council. The Council's primary purpose is to represent consumers and protect their rights by identifying and advising the Office on issues affecting across all of the sectors.

The Consumer Council comprises six independent members who will represent the views of consumers from each district of Grand Cayman, Cayman Brac, and Little Cayman; each member serves a term of one year which may be extended for a further two terms. Their role includes the gathering of statistical information and the provision of reports and proposals on consumer issues.

A principal function of the Office is to represent the rights of consumers in the utility sectors. This Council and its work are therefore crucial elements of ensuring the effectiveness of our work in this area.

Consumer advocacy and the receipt of a formal complaint from residents and business owners in Little Cayman led to the launch of an investigation into the quality of service provided by telecommunication provider Flow.

The Office acted swiftly to meet with residents via a public forum, and to further document their specific concerns. The provider was then summoned to attend a meeting to discuss the allegations of poor service and their proposed plan to address those concerns.

The initial reviews suggested that delays in the upgrade of technology and equipment were contributing factors to the issues consumers described. Subsequent to the meeting, the Office provided Flow with recommendations to identify and implement a temporary fix for customers, pursue a permanent and scalable solution to prevent reoccurrence, and for Flow to consider and provide plans for compensating consumers for losses incurred.

When it comes to local utilities, the Office is firm in its position that consumers must be provided with the level of service that they have contracted for, regardless of whether they are in Grand Cayman, Cayman Brac or Little Cayman. Where consumers are subjected to poor service, and in particular for a prolonged period, it is the duty of the Office to intervene on their behalf, as was demonstrated in this instance.

2023

Consumer Council appointed

Customer service principles and standards

The Office has developed customer service principles that will form part of customer service training.

PRINCIPLE 1
We will resolve your query or complaint or get you to the person who can as soon as possible in a positive and courteous manner

PRINCIPLE 2
We will provide you access to the services you require in a way that suits you.

PRINCIPLE 3
We will help you understand the information we present to you.

PRINCIPLE 4
We will deal with your inquiry confidentially with professionalism, integrity, consideration, compassion, and empathy.

PRINCIPLE 5
We will listen to you and what you have to say and take the right action when needed.

PRINCIPLE 6
We will measure customer satisfaction.

Renewable Energy

The Office works to ensure conditions and arrangements that are conducive to a stable electricity grid, efficient fuel consumption by the provider, and reliable power supply to consumers across the Cayman Islands. OfReg also embraces the Government's aim toward cleaner renewable energy sources; however, the present circumstances do not allow the addition of limitless quantities of non-firm power to the grid without adverse consequences.

Solar is currently the most common alternative to burning of diesel for the generation of electricity. Solar energy is generated during daytime hours, which means that the grid cannot solely operate from this source unless there is an effective way to store the power generated during the day for consumption at night.

This factor limits the percentage of non-firm power that the grid can accommodate while maintaining maximum uptime and reliability. With these factors in mind, the Office released 3 MW of Distributed Generation Capacity to Consumer Owned Renewable Energy (CORE) and Distributed Energy Resources (DER) Programmes in March of 2023.

The release of additional capacity followed studies undertaken by CUC and reviewed by OfReg to determine the quantity of Distributed Generation Capacity that could be safely added to the grid at this juncture. The findings indicated that the initial 3 MW release could be safely added to the grid without harming stability or fuel efficiency.

The studies carried out suggest that the grid can presently accommodate up to 29 MW from non-firm sources. Therefore, the Office approved the release of a further 6MW of capacity to the Distributed Renewable Energy Programmes on Grand Cayman in June of 2023. This release completed the 9MW total additional capacity expansion plan that the grid can currently accommodate within technical operation limits. Approximately 1MW of this current release was reserved for local public sector use.

Grand Cayman's transmission and distribution grid is recognized as one of the most stable and robust systems, with one of the lowest outage rates in the region.

Distributed generation programmes, such as CORE and DER, are a key part of delivering the long-term goals of the National Energy Policy (NEP) 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.

The safe expansion of these programmes is therefore of keen interest to the Office both from a consumer and provider perspective. The Office reviewed and approved deploying a 20 MW Battery Energy Storage System (BESS). Options to add more non-firm power to the grid will be significantly enhanced when BESS becomes operational. This will be good for consumers and the electricity provider.

Energy from renewable sources has many benefits; however, it is not a panacea and requires the Office to balance other considerations as energy from these sources are expanded on the grid. The local grid distribution system was a considerable investment, and it requires continual maintenance for reliability. That cost has to be borne by someone. As an increasing number of people become more energy-independent by generating their own energy from rooftop solar and other sources, the people remaining on the grid will need to pick up a greater share of the overall cost of transmission, distribution and the generation of electricity through the use of fossil fuel.

Those factors must be delicately balanced along with national priorities for increasing the use of cleaner energy. OfReg is committed to striking the appropriate balance, and will continue to work with stakeholders to ensure each decision is appropriately weighed.

A Value of Solar Study (VOSS) was carried out by consultants Rock Mountain Institute (RMI). The draft report that was delivered in November 2022 was constituted in 2023, and the feedback from the consultation is still being reviewed.

Cayman Brac and Little Cayman

The staff and operations of the Office are principally located on Grand Cayman; however, OfReg is responsible for the regulation of utilities on all 3 Islands. Senior leadership along with the acting Board Chair visited Cayman Brac in February 2023 to engage stakeholders and inspect utility arrangements on that Island.

The visiting team met with regulated entities and toured their facilities. This included Island Energy Ltd (formerly Cayman Brac Power & Light), Digicel, Flow, Logic and Home Gas Ltd.

The visit provided the OfReg team with an opportunity to view the current infrastructure and installations in place to provide service to consumers and to meet staff charged with managing and operating the various facilities. The discussions allowed the team to learn first-hand what issues operators are experiencing in delivering service, their future plans for development, and how OfReg can assist in better regulating the various sectors for the benefit of consumers.

The District Commissioner for Cayman Brac expressed the keen interest of residents to see greater consumer protection and the importance of having a member from Cayman Brac on the Consumer Council. The messages were well received.

Regular site visits and meetings with licensees and consumers are key to effective regulation. It allows the Office to better understand the challenges faced and how the Office can provide support for the delivery of reliable and affordable services to the public.

UK Assistance

The cross-border sharing of knowledge and technical expertise has historically been mutually beneficial. The Office was therefore pleased to welcome a visit from the UK Regulator Office of Gas and Electricity Markets (Ofgem) in March 2023.

Aidan Stringfellow, Head of Crisis Response and Policy and Head of International Affairs at Ofgem, carried out a one-week scoping study to identify key areas where OfReg could receive support from Ofgem and other UK regulators. The work carried out by Mr. Stringfellow included the identification of areas where technical expertise and further staff development within OfReg would be beneficial.

Areas identified were the review of sector legislation, regulations, and policies with suggestions to improve the regulatory functions; systems and process reviews to enhance customer experience; a review of the staff capacity regulating each local sector with consideration for training and secondment opportunities; and a review of the strategic plan for the relevant sectors with key performance indicators.

The Office found the visit to be beneficial and would like to express its gratitude to the Office of the Governor and the UK government for facilitating the initiative. The engagement and work carried out will strengthen the relationship between the Office and UK regulators and will help to further develop and improve the organisation and its people.

Enforcement

The legislation underpinning the work of the Office provides certain powers which are necessary to ensure the market operates in a fair and consistent manner, and players respect the rules established for commerce. The Office is not quick to exercise their powers, and often prefers to pursue conciliatory measures in the first instance, with punitive measures reserved as a last resort. The Office developed a fines and penalties guideline to ensure consistent treatment of all sectors.

A major local telecommunication provider was found in breach of its license terms following the completion of an investigation carried out by the Office. The infraction involved a rate increase by the provider to its consumers outside of regulatory approval and a failure to comply with its obligations to provide data to the Office on its business line customers.

The law and the people of the country expect utility operators to comply with their licence obligations to ensure fair competition, consumer protection, and first-class service. As the independent regulatory authority responsible for safeguarding consumer interests and promoting a level playing field within the industry, the Office is committed to ensuring that all service providers adhere to the highest standards.

OfReg's power to discipline licensees in breach is governed by the Utility Regulation and Competition Act, which provides for the levying of administrative fines or the issuance of warnings. Under the administrative fines provision, a maximum fine of up to $500,000 may be imposed, and a fine of $25,000 for every day the breach continues after the time to appeal a determination has passed.

The Office levied a fine of CI$400,000 following its final determination that the telecommunication provider breached its license conditions.

In this case, the fine imposed was in the upper region of the maximum amount and reflected the seriousness of the provider's first breach of its license when it applied unapproved price increases. For the second breach of failure to provide data reports, a warning was deemed sufficient. Future compliance will be closely monitored and appropriate action taken when necessary.

A separate provider was also found in breach of their license conditions later in the year and was sent an enforcement notice. On this occasion, the breach involved a failure to pay fees and submit financial reports.

The enforcement notice contained a demand to pay the outstanding fees along with accrued interest and a proposal to impose fines for the various breaches.

Licence fees are collected from all information and communications technology (ICT) licensees and are comprised of two parts - a "Royalty Fee" the Office collects on behalf of the Cayman Islands Government, and a "Regulatory Fee" that covers the costs associated with regulating the ICT sector.

The provider did not initially comply with the enforcement notice and chose instead to challenge OfReg's authority to collect license fees. Following this challenge, the Office continued with its enforcement action and issued a final determination in late August 2023. The determination confirmed the Office's position that the provider was, and remains, obliged to pay its licence fees and submit its financial reports, and its failures amounted to a breach of its licence.

The provider sought a judicial review of the decision via the local courts. The court delivered its judgement on December 1st, 2023 rejecting the provider's application on all grounds sought.

Consumers depend on OfReg as the utilities regulator to protect their interest and ensure licensees are held to account when they fail to adhere to legal and market rules. It is a responsibility the Office takes seriously, and will continue to act accordingly to apply the full force of the sanctions available under the law when necessary.

Safety

Safety in the operations of sector providers is paramount among the responsibilities carried out by the Office. Safety measures include the equipment, personnel, and the environment in which providers operate.

The Cayman Islands enjoy a good safety record; we would like it to remain that way. In November 2023, a fuel sector licensee failed to comply with a remedial notice to provide essential data to enable the Office to assess the environmental conditions at its operating site. The information requested was necessary to determine the presence of leaks in any of the storage tanks onsite, as this could adversely affect the environment.

ICT

In preparation of the roll out of **5G**, the Office partnered with the Chief Medical Officer from the Ministry of Health and Wellness on the preparation of a public education programme that will be delivered in 2024.

The Office worked with the Cayman Islands Government regarding the cyber security of the utilities. The Office of the CISO was established in 2020 to promote the government's cyber security interest and also carries a national security remit.

In 2020, the first National Cyber Security & Cyber Crime Strategy for the Cayman Islands jurisdiction was prepared and approved by the National Security Council (NSC). The Office is the designated representative for interfacing with UK NCSC and UK HO (ICDT) on the cyber security of all licensees. Cyber security is an important part of Critical National Infrastructure initiative.

ICT 2023 Achievements

- Updated the Outage Reporting Rules in support of the Office's objective to modernise ICT regulatory policy and contribute to network reliability and customer protection.
- Consulted on and implemented revised Maritime Radio Licensing Fees.
- Completed survey of FM broadcasters which determined that 4 radio stations were broadcasting outside of their specifications. The Office has confirmed that 3 radio stations have rectified the identified issues. Routine monitoring of all spectrum users will be increased to ensure no overlap or interference.
- Reviewed spectrum requests for 5G Networks. Developing a public relations strategy in conjunction with the Chief Medical Officer of Health prior to the rollout of the new generation.
- Issued a final determination imposing a fine on Flow of $400,000 for an unapproved land line price increase and delivered a warning for the data reporting breach.
- Submitted proposed Consumer Protection Regulations for the ICT Sector to the Ministry which will result in greater customer protection..
- Published guidelines on WIFI use and use of satellite terminals on aircrafts and boats to ensure enforcement of unlicensed providers and to reduce the possibility of interference to licensed users.
- Instigated a working group amongst local broadcasters to discuss common issues and review any new policy initiatives.

Energy

The Office had ongoing communication with the central Government and the contractor, for the **waste-to-energy project** and assisted with the development of a format for the draft power generation license.

A request for **rate restructuring** and a business case for renewable energy was received from Island Energy (formally Brac Power & Light) and discussed.

The Energy Committee has agreed with CUC to a modernization of their license; the review of the license is to be carried out under Section 12 of the License.

The Cayman Islands Government developed an updated **National Energy Policy** ("NEP") in 2017 that established targets of 70% electric generation from renewable sources by 2037 and total peak GHG emissions by 2020 while not exceeding 2014 per capita emissions levels (approximately 12.3 tCO2e). The first Five-Year Review, completed in 2023, analyzed progress against targets, which, taken with the NEP policy measures and Implementation Plan, identified opportunities for target revision. OfReg has reviewed the plan and incorporated the ramification on its workplan for 2024.

Water

In the **water sector**, discussions involving the Ministry of PAHIT and Cayman Water Company were held concerning potential concessions and the issuance of a licence.

It is anticipated that a license will be issued subject to the concession being agreed by Cabinet in 2024. The Cabinet is composed of the Premier, seven other Ministers, one of whom is the Deputy Premier, and two non-voting ex-officio members. This Cabinet is responsible for formulating and directing the implementation of policy related to every aspect of government, with the exception of the Governor's special responsibilities.

Fuels

The Office commenced a project to bring more transparency to fuel prices by amending the Dangerous Substances Law to allow publication of the landed cost of fuel and to require all licensees to keep separate accounts for regulatory activities.

As the regulator for the fuels sector, the Office is legally obliged to hold licensees accountable for complying with the terms of their licences and in this case, protecting the environment and safeguarding public health. This case also highlights the necessity for prompt compliance with regulatory requests.

The site was kept closed while the Licensee worked to resolve its compliance issues.

The ability to summon emergency response services during an emergency is crucial to public safety. It was therefore very concerning to the Office when the fixed line network of a major provider went out of service, which impacted calls to emergency services including 911.

A meeting was held with the provider immediately following the incident to gain insights into the nature and causes of the outage. In response to the incident, the Office formally requested a detailed resolution report, providing in-depth analysis of the factors contributing to the outage, measures taken for immediate resolution, and a comprehensive plan to prevent future recurrence.

Fixed-line networks are a critical part of our emergency services infrastructure, and the Office will act to ensure they are properly maintained and protected by operators. OfReg monitored the situation closely and worked with the provider to ensure the implementation of measures to prevent similar incidents in the future.

The year ended on a positive note with the acquisition of a Grabner Instruments Miniscan IR Vision Pro fuel analyser by the Office. The analyser will enable the Office to conduct the in-house testing of gasoline, diesel, ethanol-blended gasoline, and jet fuel thereby negating the need to send samples for overseas laboratory testing. It is part of the Office's commitment to delivering accurate and efficient fuel sampling which will enhance our capabilities in fuel compliance, reduce turn-around times, and enhance quality assurance.

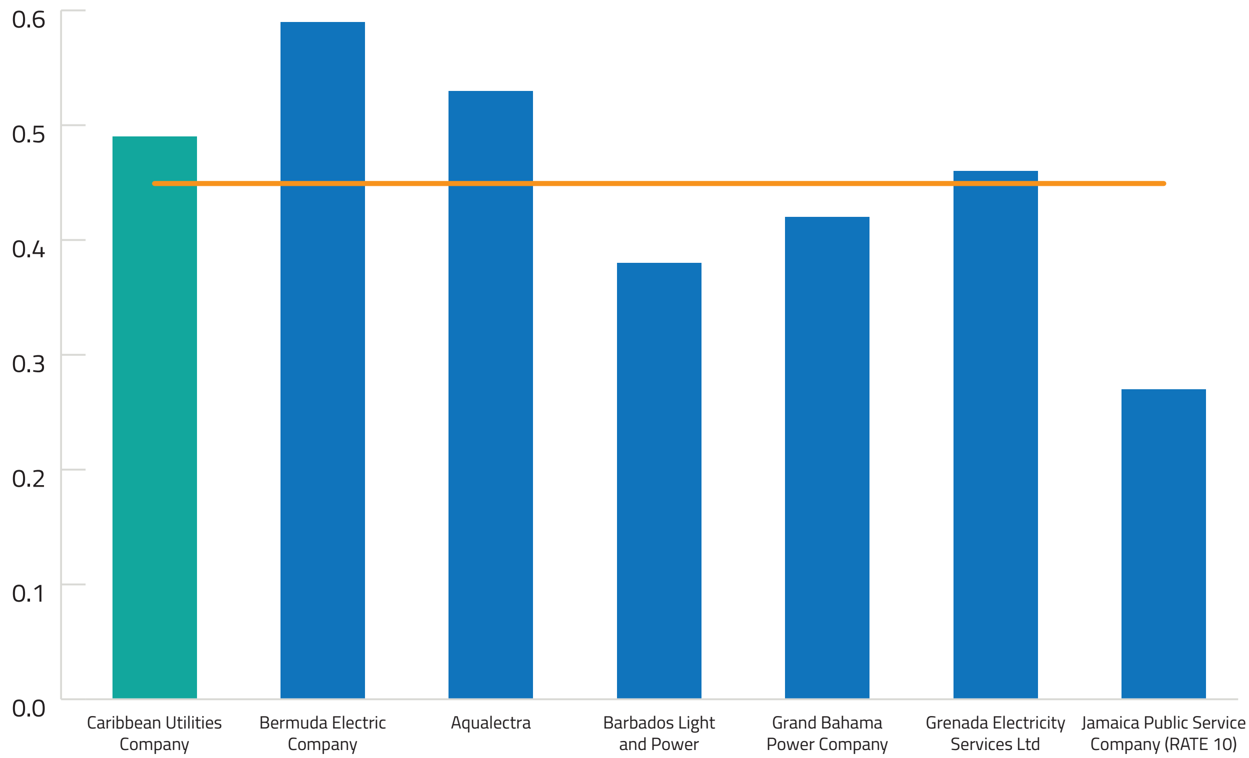
This acquisition aligns with the anticipated establishment of local Fuel Standards, which will significantly benefit local consumers, assuring reliable, safe, and quality fuel within the local supply chain. The Office is confident that this strategic investment will contribute to the overall safety, transparency, and efficiency of fuel products. By conducting preliminary tests locally, OfReg can respond swiftly to industry demands and foster local expertise.

Comparative Cost of Electricity

The Office compared the average total cost of electricity of 7 different electric utilities in the region and, the overall cost of electricity in Grand Cayman was found to be above the regional average of US$0.45 per kWh. Based on a 2023 average Grand Cayman residential usage of approximately 1,150 kWh per month, CUC was providing electricity at an average cost of $0.49 USD per kWh in 2023. (Throughout 2023 CUC fuel rates included a CI$0.00075 per kWh to recover deferred Fuel Factor Costs associated with CUC relief programme effective from October 1, 2022.)

To compare CUC to the other regional electricity providers, the Office assumed a similar average residential electricity consumption pattern of 1,150 kWh per month and used the average 2023 electricity rates for each respective utility. From the data collected, Bermuda Electric Light Company had the highest average 2023 cost of US$ 0.59 per kWh while Jamaica Public Service Company had the lowest cost of US$0.27 per kWh. Note, all currencies were converted to USD for comparative purposes, using exchange rates as of 31st December 2023. Any tax or similar surcharges were not represented in the data below.

Comparative January 2024 Cost of Electricity (USD per kWh)
Based on an Average Cayman Islands Residential Electricity Usage of 1150 kWh per month



References:

https://www.cuc-cayman.com/customer-service/fuel-cost/
https://onlineservices.cuc-cayman.com/hc/en-us/categories/360003107759
https://belco.bm/rates-service-rules/
https://www.aqualectra.com/rates/
https://www.blpc.com.bb/index.php/customer-care/fuel-clause-adjustment
https://www.blpc.com.bb/index.php/residential/tariffs-and-riders-residential
https://grenlec.com/customers/ratesandfees/
https://www.jpsco.com/jps-home/rates-schedules-and-tariffs/
https://www.jpsco.com/fuel-rates/
https://www.exchangerates.org.uk/historical/USD/31_12_2023
https://grenlec.com/customer-service/grenlec-takes-tough-decision-to-discontinue-temporary-reduction-in-non-fuel-electricity-rate/
https://gb-power.com/2023-power-rates/
https://www.facebook.com/profile/100066563533946/search?q=fuel%20costs%20&filters=eyJycF9jaHJvbm9fc29ydDowIjoie1wibmFtZVwiOlwiY2hyb25vc29ydFwiLFwiYXJnc1wiOlwiXCJ9In0%3D

The following accomplishments were achieved during FY 2023 relating to the Fuels sector:

a) The National Fuels Quality Standards were drafted by the Fuels Standards Committee. The objective of these standards is to equip the islands with a comprehensive list of the standards and testing methods for quality control to ensure fuels imported and consumed are of a consistent standard. Consultation commenced on the standards and upon completion, a final determination will be published.

b) The Office procured a portable fuel analyser for testing of gasoline, diesel, jet fuel and biofuel blends. The analyser used the infrared spectroscopy technology to "measure" a fuel sample to a known standard for specific parameters of the sampled fuel. The analyser was commissioned and is currently in used for quality assurance purposes only.

c) A regulatory accounting pilot program was launched in the Cayman Brac retail gasoline and diesel markets where the operators provided their financial and sales data in a regulatory accounting format relating to their fuel operations only. The intention is to expand this program to all operators in the wholesale and retail, gasoline and diesel markets with significant market power.

d) The proposed Consumer Protection Regulations for the Fuels Sector were submitted to our Ministry. These regulations will enforce consumers' rights to ensure quality fuels are received and excellent consumer service is experienced during transactions.

e) The first draft of the Licensing Framework was prepared with the objective of supporting existing regulations/acts by detailing other regulatory matters with respect to regulatory and competition economics which are not addressed in detail in the sectoral legislation.

f) The quality standards for E85 were drafted by the Fuels Standard Committee for the potential importation of ethanol-blended gasoline where the ethanol content in the gasoline ranges from 70 – 85% per volume. The E85 is an alternative fuel and will increase the renewable fuel mix on the island supporting the National Energy Policy initiative. This standard was consulted with the industry players in December 2023.

g) As a means of efficiency and to encourage further competition in the retail sectors of the fuels industry, the Office initiated a project where retailers will be able to post their "current prices" on the Office's website allowing consumers to see the prices from all retail sites in the Cayman Islands.

Fuels Sector URC 11 Fiscal Year 2023 January - December

	Measures	Objective	Annual Total (Jan -Dec)
Quality	Collate and Analyse "Section 10" Data from Importers (Data sets)	200 - 264	283
	Execute License Agreement with Major Fuel Licensees	10 - 30.	0
	Monitoring and post Fuel Prices and analysis on fortnightly basis	80 -110	104
	Bi-annual market review and report submission on adequacy of regulation and state of competition in relevant markets	2 – 6	0
	Establish guidelines and criterial for new entrants to relevant Fuels Market	1 – 2	0
	Evaluate and report on adequacy of fuel mix bi-annually	1 – 2	0
	Function as Focal Point for CEIS/SRC providing monthly/quarterly data as required under membership agreement.	10 – 13	14
	Represent government on International Fuels Regulatory Affairs	0**	0
	Annual engagement with Licensees	12 - 20.	16
	Consumer and Public Awareness and Engagement on Fuel Sector Competition and Pricing Transparency (Events)	2 - 5.	0
	Enforce Regulatory Breaches	20 – 40	10
	Regulatory Investigations	4 - 6.	6
		290 - 425	

	Measures	Objective
Quality	"Comply with Fuels Market Regulation and Utility Regulation and Competition laws, and relevant regulation and competition regulations, guidelines and determination required by the Office and Cabinet. Economic Regulations to be administered by qualified, competent and experienced Analysts, Economists and Management team members."	100%
	Activities to be carried out to the highest ethical and professional standards, using relevant and up-to-date industry information and practice, and engaging certified organisations where necessary to augment the work of the Office	100%
	Activities to be carried out to the highest ethical and professional standards using relevant and up-to-date industry information and practice, and engaging certified organizations where necessary	95%
Timeliness	Relevant analysis, research, assessment to be carried out within adequate timeframe to allow the Office to minimise and mitigate against negative competition effects in a timely manner.	95%
	Local price monitoring data to be posted within 48 hours of the most recent surveyed prices	100%
	All other tasks to be completed within set/established timeline	100%
Location	Cayman Islands	0%
Cost (of producing output)		
Price (paid by Cabinet for the output)		

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 2023:

ICT 2023 – 1	Consultation on the Revision of the Fees for Maritime Licences.
ICT 2023 - 1	Determination on the CWCIL - Flow (Fine and Warning)
ICT 2023 - 2	Determination on the Outage Reporting Rules Update
ICT 2023 - 4	Determination on the Revision of Fees for Maritime Radio Licences.
ICT 2023 - 3	Consultation on the Revision of Fees for Mobile (Cellular) and Fixed Wireless Spectrum.

Administration

Strategic Plan

The Strategic Plan was reviewed and completed. This revised strategic plan has been drafted to comply with the requirements of the Utility Regulation and Competition Act (2021 Revision) (the URC Act) section 44 (4). The plan is aligned to the Cayman Islands Government Broad Outcomes as stated in the Strategic Policy Statement.

Restructuring

The first phase of the restructuring was completed by combining the leadership of the fuels, energy, and utilities section. A new Executive Director of Fuels, Energy and Utilities has been recruited, further changes are being considered.

Salary Scales & Cost of Living

The Cabinet approved upgrading of the salary scales used by OfReg's staff to be equivalent to the 2022 CIG salary scale. Cost of living increases have also been approved; the increases were covered by the existing budget.

General Reserve

The general reserve was increased to 6 months of operating expenses to cover any unexpected expenditures on legal fees. The General Reserve now stands at $2.5 million. The Office periodically deals with judicial reviews which involves the contracting of services such as representation by King's Counsel. The General reserve may be utilized when necessary to fund such unbudgeted expenditures.

At a Glance

Financial Performance Measures ($000's)	**2023 Actual**	**2023 Target**
Revenue from Cabinet	1,680	1,758
Revenue from Others	4,815	5,583
Total Revenue	6,495	7,341
Expenses	5,885	7,198
Operating Surplus/ (Deficit)	**610**	**143**
Net-Worth ($000's)	**6,385**	**3,960**
Cash Performance ($000's)	**2023 Actual**	**2023 Target**
Cash Flows from Operating Activities	510	274
Cash Flows from Investing Activities	(492)	(17)
Cash Flows from Financing Activities	0	-
Change in cash balances	**18**	**257**
Financial Performance Ratios 2023 Actual 2023 Target	**2023 Actual**	**2023 Target**
Current Assets: Current Liabilities	18.50	14.00
Total Assets: Total Liabilities	5.25	2.92
Human Capital Measures 2023 Actual 2023 Target	**2023 Actual**	**2023 Target**
Total full-Time Equivalent Staff Employed		35
Physical Capital Measures 2023 Actual 2023 Target	**2023 Actual**	**2023 Target**
Value of Total Assets	7,558	6,024
Asset replacements: Total Assets		
Book value of Assets: Cost of those assets		
Depreciation: Cash Flow on Asset Purchases		
Changes to Asset Management Policies	None	None

Financial **Snapshot**

Revenue
$6,494,605
2023

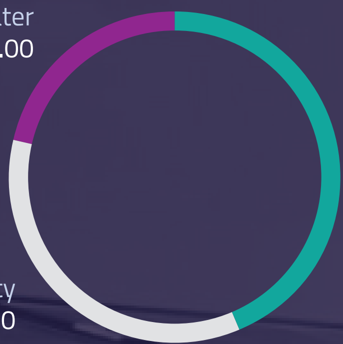
Budgeted Revenue
$7,341,000
2023

Expenses
$5,884,969
2023

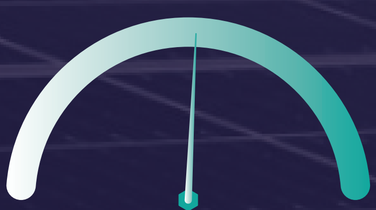
Budget Expenses
$7,198,000
2023

Regulatory Fees:

$3,473,811.00

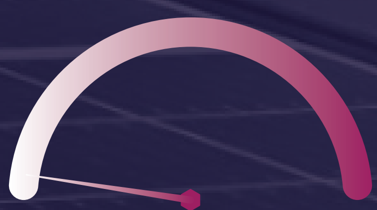


Supplies & Consumables



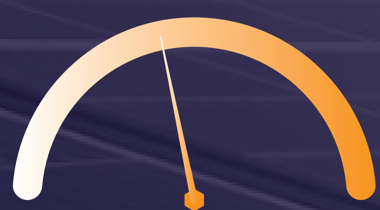
51%

Personnel Costs
$34,73,811



5%

Property, plant & equipment
$3,30,151



44%

Cash & cash equivalents
$29,39,196

Summary of PMFL Ownership Agreement Targets

Pursuant to the PMFL, the Office is required to report on the status of the Ownership Agreement Targets for the Office were agreed between Cabinet and the Board for the 2023 financial year.

Target	Deadline	Status
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	Dec 31, 2022	Status update pending
Establish a mechanism and framework for the protection of Critical National Infrastructure (CNI) to improve system resiliency and reliability	Dec 31, 2022	The framework has been drafted, and will be presented for consultation in 2024.
Implement strategies and policies to facilitate efficient use of the Islands communications infrastructure to enhance security, reliability, resiliency, and connectivity	Dec 31, 2023	Status update pending
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	Dec 31, 2023	Status update pending
Undertake activities to ensure efficient use of infrastructure to promote and facilitate the ubiquitous rollout and innovative use of fibre networks to support and delivery of high-speed broadband service	Dec 31, 2023	Status update pending
Implement regulatory frameworks to support and give effect to the National Energy Policy objectives and targets for the electricity sector	Dec 31, 2023	Deferred to 2024
Develop comprehensive regulatory framework to facilitate the introduction of LNG, CNG and commercial scale biodiesel	Dec 31, 2023	Deferred to 2024
Develop Monitoring Framework for the fuels market to gauge the efficiency and effectiveness of regulatory interventions	Dec 31, 2022	Ongoing
Create and introduce energy rating system administered to assess the efficiency of onsite wastewater treatment systems	Dec 31, 2022	Not achieved
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	Dec 31, 2022	Not achieved

Board of Directors

J. Samuel Jackson
Chairman

J Samuel 'Sammy' Jackson is a Caymanian Attorney-at-Law with some 29 years of law practice in the Cayman Islands, whose practice now focuses mostly on legal advice and representation in real estate development, planning-related matters, clients in engagement with other public authorities, and general advice and advocacy relating to administrative law matters.

Frank Balderamos
Deputy Chairman

Frank Balderamos is a seasoned executive with over 25 years of management and consulting experience in multiple industries and with expertise in corporate governance, strategic planning, portfolio management and regulatory compliance and is a qualified accountant, registered investment advisor, and accredited director.

Bonnie Anglin
Member

Bonnie Anglin brings years of expertise in Accounting, Economics and Public Policy and has held the posts of Chief Financial Officer within the Cayman Islands Government and Chief Statistician at the Cayman Islands Monetary Office (CIMO). In addition to her career experience, Bonnie was also an Adjunct Professor of Economics at the International College of the Cayman Islands for many years and is well versed in the economics of monopolies and oligopolies which are the industries that OfReg regulates.

Mike Gibbs
Independent Director

Mike Gibbs is currently an Independent Director of F&G Cayman Re Ltd and a Member of the CIG Government Deputy Governor's Audit & Risk Assurance Committee. A retired President of Kensington Management Group, Ltd. - one of the island's leading captive insurance managers - Mike is also a past Chairman of the Insurance Managers' Association of Cayman, and past President - although remaining an active member - of the Cayman Island Chamber of Commerce.

Originally from the UK, Mike is a Fellow of the Institute of Chartered Accountants, and has 40+ years in the financial services industry, 4 of which were spent in Hong Kong with the balance in Cayman, working for Price Waterhouse, BankAmerica and Johnson & Higgins/Marsh Management Services, in various accounting, audit, operations, systems and management roles, before being instrumental in the establishment of Kensington in 1999.

Natasha Bodden
Deputy Chairman

Natasha Bodden is a Caymanian litigation attorney who practices both in Civil and Criminal matters. She has a wealth of experience in Immigration matters, Labour matters, Civil Servant dispute matters, Family matters, Planning matters, Liquor Licensing matters and contractual disputes, to name a few of the areas she specializes in.

Gavin Baxendale
Member

Gavin Baxendale is an ICT professional with over 20 years of experience in solutions development, deployment and management, covering ICT, Cyber Security, compliance and governance. Gavin brings his industry and vendor knowledge, as well as extensive project management experience within the Caribbean, to assist the Board's regulatory duties - specifically in the areas of ICT solutions, licensee gap analysis, policy and governance development, and data law conformity.

Osbert Francis
Member

Mr. Francis is currently a Director of Ember Lake Ltd., a cybersecurity & IT management company and a Director of Quadrant Cayman Ltd., a building and electrical contractor company, both registered entities in the Cayman Islands. Prior to this, he was the COO of SALT Wireless from April 2019 to May 2021.

Wrendon Timothy
Member

Mr Wrendon Timothy is a financial industry, accounting, and governance professional with over 20 years of industry experience. He serves as CFO, Director & Corporate Secretary of Oxbridge Re Holdings Limited, and Oxbridge Acquisition Corp.

Stacy-Ann Kelly
Member

Ms Stacy-Ann Kelly is a member of the Cayman Islands Bar Association, with a broad range of professional experience. After completing her Articles of Clerkship with a local commercial firm, she joined the Office of the Director of Public Prosecutions, providing legal advice. More recently, Stacy-Ann established her own practice, Kelly Law, through which she provides assistance to locals in a variety of fields.

Management Team

Peter Gough
Interim Chief Executive Officer

Peter Gough's career spans over 32 years, in the Cayman Islands Civil Service majority of which has been spent in the public service managing organisations and developing and implementing policy in human resources and financial management. Latterly, focused on governance, public sector reform, learning and development and constitutional issues. He has held the posts of Budget Director, Deputy Financial Secretary, Deputy Head of the Civil Service, Strategic Advisor to the Deputy Governor and Leadership and Management Trainer at the Civil Service College.

Christen Suckoo
Chief Operating Officer

Christen Suckoo has worked in the Cayman Islands Civil Service and now Public Service for over 20 years. He began his career in Risk Management and has held several roles such as Policy Analyst in the Cabinet Office and was instrumental in the Constitutional Modernisation Initiative which brought about Cayman's current Constitution, as the Deputy Director of the Constitutional Review Secretariat.

Sonji Myles
Executive Director Information

Sonji Myles is responsible for directing and overseeing the regulation and development of the Information and Communication Technology ('ICT')sector in the Cayman Islands. Having worked with OfReg from inception and before that as a senior member of the Information and Communications Technology Office('ICTO'), Sonji has a wealth of experience in ICT regulatory matters, ICT policy and strategic development, cybersecurity, licensing, compliance, and enforcement.

Louis Boucher
Executive Director Energy, Fuels And Utilities

Louis Boucher is responsible for regulating, licensing, and monitoring electricity and utility providers in the Cayman Islands. He has regional and international experience in the evaluation of capital investment decisions and ratemaking in the utilities and power generation sectors. He has led and managed the assessment of utility projects and provides advice to OfReg's Board of Directors, offering technical, environmental, and financial insight.

John Epp
General Counsel

John Epp serves as General Counsel. Earlier in his career, John served the people of the Cayman Islands as the Deputy Director of the Law School, the first Complaints Commissioner, and an attorney-at-law. John has published important commentaries in the leading legal journals and served the community through the Rotary Service Club and the Soup Kitchen at Elmslie United Church. John earned his PH.D. in law from the University of Liverpool in 2001.

Melissa Powery
Financial Controller

Melissa Powery serves as Financial Controller at OfReg and has responsibility for its financial reporting and accounting functions which include the preparation and management of the Office's budget, preparation of the management accounts and audited financial statements, and policy development and implementation.

In Memoriam

Rudy Ebanks

1955 - 2023

The Office is grateful for the Service of **Mr. Rudy Ebanks**, our Board Chairman, who stepped down in *June of 2023* due to illness. **Mr. Ebanks** would later succumb to his illness.

Mr. Rudy Ebanks brought over ***36 years*** of technical and regulatory experience in senior positions in the telecommunications sector to the OfReg Board, on which he served for over *five years*.

Throughout his time on the Board, **Rudy**'s unwavering spirit and positive attitude served as a genuine true inspiration to other members of the Board as they executed their governance functions. **Rudy** was committed to protecting Cayman's critical national infrastructure assets and ensuring the well-being of consumers. He also assumed the role of mentor to fellow board members and senior staff and was always willing to teach and pass on some of the wisdom he gained from a lifetime of deep experience in the ICT sector. We thank **Rudy** for his invaluable service; may his memory continue to be a blessing.

Human Resources
Training and Development

The Office supports and promotes a culture of learning. Investing in staff development and enhanced capability improves the Office's effectiveness and ultimately benefits consumers. Several staff prepared personal development plans to guide the future training and development programmes the Office will embark upon. These include;-

Regulatory training.

Regulatory training is ongoing with PURC and other regulatory trainers; two members of staff have attended a two-week course. A four-day training programme was undertaken to equip participants on how to evaluate different regulatory frameworks and examine the impact of differing policy interventions. It covered how best to involve multiple stakeholders in the regulatory process considering the right balance of public and private sector interests.

Management Training

A three-day senior leadership course was undertaken which was attended by senior management dealing with effective management and leadership.
Ten persons are undertaking City and Guilds ILM Level 3 this year.

Media Training

Ten persons attended Media Training conducted by Tower Media, including 3 Board Members.

Customer Service Training

All staff attended training to enhance skills on how to deal with our customers.

Human Rights Training

All staff attended mandatory training on Cayman's Bill of Rights to ensure that staff were made aware of their constitutional rights and responsibilities.

Upskilling Staff.

In addition to formal training to develop staff, a programme has been developed to provide a rotation of staff on a six-month basis to take on a variety of tasks. The Manager of Fixed and Mobile Services acted for a six-month period as Deputy Director ICT. Going forward the Fuels Analyst will act as Deputy Director of Energy and the Economist will act as Deputy Director ICT. This will be an essential building block for succession planning and to provide more knowledge depth in the organization.

Lunch and Learn

A series of lunch and learn sessions for staff were provided as we focus on Health and Wellness. The first two sessions will be Nutrition and Men's Health and Woman's Health

Conclusion

In conclusion, 2023 was a successful year for OfReg, and by extension, the people of the Cayman Islands. When it comes to regulating utilities, success is not often measured in what is manifested, but moreso, that which does not happen.

The bulb illuminating when the switch is flicked on, your vehicle running properly and efficiently on the fuel placed in the tank, and consumers remaining healthy following the consumption of water from the local water distribution system are things that people often take for granted. However, these factors would all face significant risk in the absence of effective regulation.

Safety has been and will remain the paramount consideration of the Office. The promotion of fair competition and the protection of consumers also rank prominently. The Office seeks to work constructively and collaboratively with all stakeholders to ensure an appropriate balance between competing factors, consumers, and their utility providers.

The protection of our critical national infrastructure and the promotion and facilitation of local commerce is important work. The men and women of OfReg are happy to serve and look forward to a successful 2024.

Legal Framework

The Specific Acts which govern OfReg are:

- The Utility Regulation And Competition Act
- The Public Authorities Act
- Utility Regulation and Competition Act (2021 Revision)
- The Public Authorities Act (2020 Revision)
- Utility Regulation and Competition (Amendment) Act, 2022
- The Information And Communication Technology Act And Regulations
- Information and Communication Technology Office [Interception of Telecommunication Messages) 2018
- Section 23 Notice 20 Nov 2017
- Gazette Referencing 20 November 2017
- Information and Communications Technology Act (2019 Revision)
- ICTA Regulatory Notice Section 23(2)
- ICTA (Penalties for Anti-Comp. Practices) Rules 2004
- ICTA (Interference & Equip. Stands) Regs. 2004
- ICTA (Interconnection & Infrastructure Sharing) Regs. 2003
- ICTA (Infrastructure Sharing) Notice 2003
- ICTA (Dispute Resolution) Regs. 2003
- ICTA (Determination & Turnover) Order 2004
- ICTA (CUC-DataLink) Notice 2011
- ICTA (Amendment) Act 2011
- ICTA (Confidentiality) Regs. 2003
- ICTA (Amateur Radio Licences) Regs. 2010
- Electronics Transaction Act (2003 Revision)
- Computer Misuse Act (2015 Revision)
- Dangerous Substances Act
- Dangerous Substances Regulations, (2022 Revision)
- Dangerous Substances Act (2017 Revision)
- Water Act And Regulations
- Wastewater Collection and Treatment Act (2019 Revision)
- Water (Production and Supply) Act (2018 Revision)
- Water Office Regulations (2018 Revision)
- Water Office Act (2018 Revision)
- Water Sector Regulation Act (2019 Revision)
- Water Sector Regulation Act, 2017 (Commencement) Order, 2017
- Energy And Utilities Act And Regulations
- Electricity Sector Regulation Act (2019 Revision)
- ERA (Standard of Performance) Rules 2012
- Electricity Act (2008 Revision)
- Fuel Market Regulation Act
- Fuel Market Regulation Act, 2017
- Fuel Market Regulation Act, 2017 (Commencement) Order, 2017

Management Discussion and Analysis of Financial Results

Results of Operations

As a regulatory body, the Office's primary goal is to effectively regulate the various sectors falling under its remit and to meet its obligations under various statutes. In fiscal year 2023, the Office demonstrated its ability to meet these obligations, collecting sufficient funds and managing expenses to close the period with a $610 thousand surplus.

This performance, which significantly outperformed the anticipated budget, is a testament to the Office's financial prudence and responsible expenditure management. By carefully managing resources and doing more with less, the Office spent some $1.3 million less than the $7.2 million budgeted for fiscal year 2023. This performance is reassuring for our stakeholders and demonstrates fiscal responsibility.

Revenue

The overall revenue collection of $6.49 million was below budget expectations by $847 thousand (11.5%) but higher than the $5.97 million collected for 2022. Revenue from services provided declined by $1.43 million largely due to the delay in implementing a long-term regulatory fee mechanism for the Water Sector and lower fees in the ICT sector than those anticipated when the budget was prepared.

While fines are not included in the Office's annual fiscal plans due to their unpredictable nature, they do contribute to our revenue. In fiscal year 2023, the Office collected $585 thousand in fines from a local telecommunication provider. This fine resulted from the Office's determination that the provider breached its license obligation. The Office's swift action to hold the provider accountable further demonstrates our commitment to regulatory enforcement.

The Office's revenue structure is diverse, with approximately 26% derived from services provided to the Government. In 2023, the private sector contributed 74% of our revenue, with the ICT sector accounting for the majority at 56% ($2.7 million), followed by the Electricity sector at 26% ($1.2 million), the Water sector at 15% ($745 thousand), and the Fuel sector at 3% ($135 thousand).

The weighting and amounts collected from the various sectors correlate to the intensity and amount of resources required to regulate that sector.

Expenses

Total expenses for the year amounted to $5.9 million. This was lower than budget by $1.3 million (18.2%) and higher than the previous year by $360 thousand (6%). Personnel costs represented the largest area of budget savings ($1.37 million), followed by purchase of services ($285 thousand), and depreciation and amortization ($99 thousand).

Personnel Costs were lower than budget due to delays in filling vacant and new positions. This was partially offset by unbudgeted defined benefit healthcare and pension costs recognized by the Office to meet its obligations under various statutes.

Savings from the purchase of services accrued from lower professional and consultancy fees. Some $419,500 was included in the budget as a contingency; however, the URC Act was amended to provide the required indemnity coverage which enabled the Office to save some $168 thousand in this area.

Fiscal Position

Current Assets

The Office closed the fiscal year with a cash balance of $2.96 million; this was marginally higher than the 2022 position and $860 thousand more than the budget anticipated. Short-term investments held at the end of the fiscal year amounted to $2.6 million, an increase of some $400 thousand from the 2022 position.

The improved cash position is largely due to the higher-than-expected net surplus and the recognition of non-cash expenses such as bad debt expense ($200 thousand) and defined benefit plans ($115 thousand).

Accounts Receivable increased by some $288 thousand in 2023 to close at a net value of $1.47 million. Receivables from the central Government accounted for 53% of the receivable balance ($780 thousand).

Cash, short-term investments, receivables, and pre-paid expenses combined for some $7.2 million in current assets. This value, against $437 thousand in current liabilities resulted in a current ratio of 16.5:1 which means the Office had $16.5 in current assets for every dollar of current liability.

Fixed Assets

At the close of the fiscal year, the organization had fixed assets with a net book value of approximately $330 thousand. This principally consisted of equipment ($238 thousand), vehicles ($63 thousand), and furniture, and leasehold improvements ($29 thousand).

Liabilities

The overall closing balance for Accounts Payable and accrued liabilities was largely consistent with 2022. The closing liability balance largely relates to timing, as the Office had sufficient current assets to settle the liabilities on record at the fiscal year-end.

At the close of the fiscal year, post-retirement health and pension benefits amounted to $736 thousand and were classified as long-term liabilities. The valuation for these liabilities is actuarily determined and periodically adjusted based on changes in interest rates, projected healthcare costs, and participants' life expectancy.

Net-Worth

The Office's Net Assets closed at $6.4 million for 2023. This represents the central government's shareholder value in OfReg. Net assets increased by $934 thousand during the fiscal year through a combination of the surplus generated, the remeasurement of defined benefit post-retirement plans, and the Impact of adopting IPSAS 41 (as it relates to expected credit losses).

Conclusion

The operating results and financial position show another strong performance for the Utility Regulation and Competition Office. Since the passage of the 2022-2023 budget, management faced and overcame significant challenges. Notwithstanding, prudent fiscal management enabled the Office to realize net surpluses in both years while delivering services crucial to the economic well-being of the Cayman Islands.

Utility Regulation and Competition Office

Audited Financial Statements

31 December 2023

Utility Regulation and Competition Office

AUDITED FINANCIAL STATEMENTS
31 December 2023

Table of Contents

Utility Regulation and Competition Office
Statement of Responsibility for the Financial Statements
31 December 2023

These financial statements have been prepared by the Utility Regulation and Competition Office in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

I accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chairman of the Board and Interim Chief Executive Officer, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by act, and properly record the financial transactions of the Utility Regulation and Competition Office.

As Chairman of the Board and Interim Chief Executive Officer, we are responsible for the preparation of the Utility Regulation and Competition Office's financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, financial performance and cash flows for the financial year ended 31 December 2023.

To the best of my knowledge, we represent that these financial statements:

(a) completely and reliably reflect the financial transactions of the Utility Regulation and Competition Office for the year ended 31 December 2023;

(b) fairly reflect the financial position as at 31 December 2023 and financial performance for the year ended 31 December 2023; and

(c) comply with International Public Sector Accounting Standards under the responsibility of International Public Sector Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

J. Samuel Jackson	Peter Gough
Chairman of the Board	Interim Chief Executive Officer

Office of the Auditor General
CAYMAN ISLANDS

Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@oag.gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
P.O.Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Utility Regulation and Competition Office

Opinion

I have audited the financial statements of the Utility Regulation and Competition Office (the "Office"), which comprise the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 42.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2023 and its financial performance and its cash flows for the year ended 31 December 2023 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Office in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Sue Winspear, CPFA
Auditor General

24 April 2024
Cayman Islands

Utility Regulation and Competition Office
Statement of Financial Position
As at 31 December 2023
(stated in Cayman Islands dollars)

		31 December 2023	31 December 2022 (Restated)
CURRENT ASSETS	**Notes**		
Cash and cash equivalents	3(a)	2,958,960	2,940,772
Short-term investments	3(b)	2,600,000	2,200,000
Accounts receivable	4,25	1,467,026	1,178,937
Prepaid expenses		197,809	137,144
		7,223,795	**6,456,853**
NON-CURRENT ASSETS			
Property, plant and equipment	5	330,151	339,175
Intangible assets	6	4,057	6,269
		334,208	**345,444**
TOTAL ASSETS		**7,558,003**	**6,802,297**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	7,25	433,300	434,819
Collections payable to Government	8	3,655	825
		436,955	**435,644**
LONG TERM LIABILITIES			
Defined benefit healthcare liability	10	511,243	755,000
Defined benefit pension liability	10	225,000	161,000
		736,243	**916,000**
TOTAL LIABILITIES		**1,173,198**	**1,351,644**
NET ASSETS	9	**6,384,805**	**5,450,653**

Approved on behalf of the Board of Directors on the 24 of April 2024

J. Samuel Jackson
Chairman

Peter Gough
Interim Chief Executive Officer

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Financial Performance
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

	Notes	31 December 2023	31 December 2022 (Restated)
INCOME			
Regulatory fees	12,25	3,473,811	3,361,652
Services provided to Government	8,11	1,680,367	1,607,822
Licensing fees	14	447,883	383,555
.ky domain fees		225,584	223,637
Permit fees	25	81,557	41,607
Other income	13	585,403	349,704
TOTAL INCOME		**6,494,605**	**5,967,977**
EXPENSES			
Personnel costs	10,16	3,740,549	3,882,774
Professional and consultancy fees	17	321,767	433,166
General and administration costs	18	760,560	580,614
Lease of office space	15	244,986	233,765
Litigation costs	19,20	344,095	21,398
Directors' fees	8	233,585	175,538
Official travel and conferences		63,637	39,369
Depreciation and amortisation	5,6	103,090	76,379
Training		72,700	82,050
TOTAL EXPENSES		**5,884,969**	**5,525,053**
NET SURPLUS		**609,636**	**442,924**

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Changes in Net Assets
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

	Notes	Contributed Capital	General Reserve	Accumulated (Deficit)/Surplus	Other Comprehensive Income	Total Equity
Balance at 1 January 2022		2,420,891	1,627,000	295,838	57,000	4,400,729
Net surplus for the year	25	-	-	442,924	-	442,924
Remeasurement of defined benefit pension plan		-	-	-	607,000	607,000
Transfer to/from General Reserve	9	-	573,000	(573,000)	-	-
Balance at 31 December 2022 (Restated)	25	**2,420,891**	**2,200,000**	**165,762**	**664,000**	**5,450,653**
Balance at 1 January 2023		2,420,891	2,200,000	165,762	664,000	5,450,653
Impact of adopting IPSAS 41	4	-	-	29,516	-	29,516
Restated Balance at 1 January 2023 under IPSAS 41		2,420,891	2,200,000	195,278	664,000	5,480,169
Net Surplus for the year		-	-	609,636	-	609,636
Remeasurement of defined benefit plans		-	-	-	295,000	295,000
Transfer to/from General Reserve	9	-	400,000	(400,000)	-	-
Balance at 31 December 2023		**2,420,891**	**2,600,000**	**404,914**	**959,000**	**6,384,805**

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Cash Flows
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

	Note	**31 December 2023**	**31 December 2022 (Restated)**
CASH FLOW GENERATED FROM/(USED IN) OPERATING ACTIVITIES			
Net surplus for year		609,636	442,924
Adjustment for non-cash transactions:			
Non-cash defined benefit cost	10	115,244	272,000
Depreciation and amortisation	5,6	103,090	76,379
Impact of adopting IPSAS 41	4	29,516	-
Bad Debt Expense	4	200,218	-
		1,057,704	**816,073**
Net changes in non-cash operating balances:			
(Increase)/Decrease in accounts receivable	25	(488,307)	451,969
(Increase)/Decrease in Prepaid expenses		(60,667)	42,731
(Decrease)/Increase in accounts payable and accrued expenses	25	(1,520)	138,680
Increase/(Decrease) in collections payable to Government		2,830	(1,136)
Net cash generated from operating activities		**510,042**	**1,423,547**
CASH FLOW GENERATED FROM/(USED IN) INVESTING ACTIVITIES			
Transfer from/(to) fixed deposit		-	1,425,095
Transfer to short-term investment		(400,000)	(573,000)
Purchase of property, plant and equipment		(91,854)	(200,751)
Purchase of intangibles			-
Net cash generated (used in)/provided by investing activities		**(491,854)**	**651,344**
CASH FLOW GENERATED FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		**-**	**-**
Net increase in cash and cash equivalents during the year		18,188	2,074,891
Cash and cash equivalents at beginning of the year		2,940,772	865,881
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,958,960**	**2,940,772**

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

1. Establishment and principal activities

The Utility Regulation and Competition Office ***(the 'Office')*** is the independent multisector authority established by the enactment of the Utility Regulation and Competition Act, 2016 (URC Act) and commenced operations on 16 January 2017. The Office was established pursuant to section 4(1) of the URC Act.

The Office is an amalgamation of the Information and Communications Technology Authority ('ICTA'), the Electricity Regulatory Authority ('ERA') and the Petroleum Inspectorate, which hitherto had been a Department of the Government of the Cayman Islands.

On 16 January 2017, ICTA and ERA were amalgamated to start the Office and in March 2017 in accordance with section 100A (1) of the Information and Communications Act, 2017 (ICTA Act) and section 92A of the Electricity Regulatory Authority Act, 2016 respectively. In February 2017, the Petroleum Inspectorate, was effectively transferred to the Office and in May 2017 the regulatory functions for the Water Sector were transferred to the Office in May 2017, with the passing of the Water Sector Regulatory Act, 2017 (WSR Act).

In each of these sectors for which it has responsibility, the Office derives its authority and functions through a variety of Sectoral Acts, the principal ones being the Electricity Sector Regulation Act, 2019 (ESR Act), the Information and Communication Technology Act (2019 Revision) (ICT Act), the Dangerous Substances Act (2017 Revision) (DS Act), the Fuel Market Regulation Act, 2017 (FMR Act) and the Water Sector Regulation Act, (2019 Revision) (WSR Act).

While many of the functions previously carried out by the ICTA and ERA have continued as usual, in addition, OfReg is endowed with strengthened competition and consumer protection powers, as well as a duty to promote innovation in the sectors for which it has responsibility.

The Office's financial year end is **31st December** each year. As at 31 December 2023, the Office had 26 employees (December 2022: 26 employees).

The Cayman Islands Government ("the Government") appoints the Chair and Non-Executive Members to the Office's Board of Directors.

The Office is located at 11 Dr. Roy's Drive, 3rd floor, Monaco Towers II, George Town, Grand Cayman. The mailing address is P.O. Box 10189, Grand Cayman KY1-1002, Cayman Islands.

2. Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS") issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board ("IPSASB"). The Office adopted IPSAS in 2018 pursuant to section 40(1) of the URC Act. There were no material differences to the financial statements upon the adoption of IPSAS. The main differences relate to the presentation of Other Comprehensive Income/(Loss) on the Statement of Changes in Net Assets rather than being presented on the Statement of Financial Performance. In addition, the budget for the Office is presented in note 24 in accordance with IPSAS 24. The significant accounting policies adopted by the Office in these financial statements are as follows:

(a) Basis of preparation

The financial statements of the Office are presented in Cayman Island dollars and are prepared on the accruals basis under the historical cost convention. The figures presented have been rounded to the nearest dollar.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

New and revised accounting standards issued and applicable

The Office has adopted IPSAS 41: Financial Instruments as of the transition date of 1 January 2023, replacing IPSAS 29: Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions in IPSAS 41, comparative information for the 31 December 2022 period has not been restated. Adjustments arising from adopting IPSAS 41 are recognised in opening equity at 1 January 2023 (the date of initial application).

The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 41. The main changes to the Office's accounting policies are:

- Trade and other receivables - This policy has been updated to reflect that the impairment of receivables is now determined by applying an expected credit loss model.

- Financial instruments and risk management - This policy has been updated to reflect the new measurement classification categories and a new impairment model for financial assets based on expected credit losses, which is forward-looking and may result in earlier recognition of impairment losses.

IPSAS 41 also significantly amended the disclosures of financial instruments of IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

The tables below outline the classification and carrying amounts of financial assets and liabilities under IPSAS 41 and IPSAS 29 on the date of initial application of IPSAS 41.

Measurement classification		
Financial Assets	IPSAS 29	IPSAS 41
Cash and cash equivalents	Loans & Receivables	Amortised cost
Term Deposits	Loans & Receivables	Amortised cost
Trade and other receivables	Loans & Receivables	Amortised cost
Financial Liabilities	IPSAS 29	IPSAS 41
Accounts Payable	Amortised Cost	Amortised Cost

IPSAS 41 has had an immaterial impact on the Office’s measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised at amortised cost.

IPSAS 42, Social Benefits (effective for period beginning on or after January 1, 2023) defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured. During the financial year it was assessed that IPSAS 42, Social Benefits does not have any significant impact on the Office’s financial statements.

2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2023 and not early adopted.

Certain new accounting standards have been published that are not mandatory for the 31 December 2023 reporting year and have not been adopted by the Office. The Office's assessments of the impact of these new standards are set out below:

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 sets out recognition, measurement, presentation and disclosure requirements for leases. IPSAS 43 introduces a right of use model that replaces the risk and reward incidental to ownership model in IPSAS 13. It is anticipated that IPSAS 43 will not have a significant impact on the Office’s financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 44, Non-current assets held for sale issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have an impact on the Office’s financial statements, but will be assessed more fully closer to the effective date of adoption.

IPSAS 45, Property, Plant, And Equipment (effective for periods beginning on or after January 1, 2025) replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. This will be assessed more fully closer to the effective date of adoption.

IPSAS 46, Measurement (effective for periods beginning on or after January 1, 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. This will be assessed more fully closer to the effective date of adoption.

IPSAS 47, Revenue (effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses and presents two accounting models based on the existence of a binding arrangement. It is anticipated that IPSAS 48 will not have an impact on the Office’s financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after January 1, 2026) provides a principle-based approach to accounting for retirement benefit plans offering a completed view of their financial activities, assets, and obligations and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. This will be assessed more fully closer to the effective date of adoption.

2. Significant accounting policies (continued)

(b) Use of estimates

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(c) Budget amounts

The original budget amounts for the year ended 31 December 2023 were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The amounts shown in these financial statements were included in the Budget Statement of the Government of the Cayman Islands for the year ended 31 December 2023 which was approved by the Parliament on 8 December 2021.

(d) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statements date. Income and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of financial performance.

(e) Cash and cash equivalents

Cash and cash equivalents are considered as cash on hand, cash held on demand and fixed deposits with an original maturity of three months or less. Cash and cash equivalents as at 31 December 2023 are subject to any expected credit loss requirements from IPSAS 41.

(f) Short-term investments

Short-term Investments represent term deposits with banks or other financial institutions with original maturities of greater than three months but less than twelve months.

(g) Accounts receivable

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. Trade receivables and other receivables comprise of balances due from other Government entities, including amounts related to Services Provided to the Government and balances due from third parties.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses.

2. Significant accounting policies (continued)

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of the property, plant and equipment except for leasehold improvements which are depreciated over the life of the lease.

The estimated useful lives of the property, plant and equipment are as follows:

IT Equipment	3 - 5 Years
Leasehold Improvements	5 Years
Other Equipment	5 Years
Office Equipment and Furniture	3 – 5 Years
Motor Vehicles	7 Years

Management reviews the depreciation method and useful life annually to ensure that they are consistent with the expected economic benefits from property, plant and equipment.

(i) Intangible assets and amortisation

Intangible assets are identifiable non-monetary assets without physical substance. The Office's intangible assets comprise of externally acquired computer software. Maintenance costs associated with computer software are expensed to the statement of financial performance in the financial period in which they are incurred.

Amortisation is calculated using the straight-line method to allocate the cost of each asset over their estimated useful lives which is estimated to be three to five years. Management reviews the amortisation method and useful life annually to ensure that they are consistent with the expected economic benefits from intangible assets.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Office recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Office's activities described below.

Regulatory Fees - Regulatory Fees are the main source of revenue for the Office. Each year, the Office is required to balance its expenditure with its revenue. Regulatory fees are collected from each sector that the Office regulates, with revenue recognised in accordance with Section 6 (2) (a) the URC Act and the administration of licensing arrangements with major licensees. The performance obligations relate to the work to be undertaken by the Office as regulator of the sectors and is set out in the published Strategic and Annual Plans, the URC Act and the licensing agreements. Revenue is recognised in the period that the costs are incurred.

Services provided to the Government – The Office provides services to the Government which are established and defined through a Purchase Agreement. The purchase agreement details the outputs that the Government and the Office has agreed that the Office will deliver, and the Cabinet will purchase in a particular fiscal year. Revenue is recognized when the performance obligations agreed in the purchase agreement are performed. Payments will be made on the basis of a quarterly invoice provided to the Government by the Office.

2. Significant accounting policies (continued)

(j) Revenue recognition (continued)

Licensing fees – The Office issues ICT licenses for type approval and radio. A type approval is granted to a product that meets a minimum set of regulatory, technical and safety requirements. The Office is responsible for the licensing and regulation of all radio transmitters including radio licenses for Ships, Aircrafts, Amateur (HAM) and Land Mobile. Fees are levied pursuant to section 30 of the ICTA Act (2019). Revenue is recognized once the license has been issued. The Office also issues ICT licenses for the usage of electromagnetic spectrum in accordance with the section 9 of the ICTA Act (2019 Revision).

The Office is responsible for allocating electromagnetic spectrum in the Cayman Islands, determining methods for assigning electromagnetic spectrum and instituting procedures for ensuring compliance by licensees with any obligations regarding the use of the electromagnetic spectrum imposed by the licence. Licensees are required to pay spectrum fees and submit spectrum returns annually. The validity period of the return represents the period that the economic benefits will flow to the Office and revenue is recognized in conformity with the validity period.

Permit Fees – The Office processes applications for operating permits for premises and vehicles used to store or transport dangerous substances, under the Dangerous Substances Handling & Storage Act, 2017. The Office also processes applications for permits in relation to the importation of fuel and compressed gas and revenue is recognized once the permit has been issued.

KY Domain Fees – The Office has been delegated authority from the Government, in accordance with section 9(i) of the ICTA Act (2019) for the management and administration of the .ky internet domain. A domain name registration fee is charged upon initial registration of the domain and also at the time of renewal. Fees are charged to domain owners on an annual basis. Revenue is recognized once a domain name has been granted. The management of the .ky domain is contracted to a third party, who remits payment of the registration fees on a quarterly basis.

Administrative Fines – Administrative fines are levied in accordance with section 91 of the URC Act and are recognised as revenue in the period in which the fines are issued. The recovery of investigation costs may be included with the Administrative fine, and the recovery is recognised as revenue in the period that the fine is issued.

All application and licence fees are non-refundable.

(k) Leases

The Office leases certain property, where a significant portion of the risks and rewards of ownership are retained by the lessor. Theses leases are classified as operating leases. Lease payments are recognised as an expense on the statement of financial performance on a straight-line basis over the lease term.

(l) Financial instruments

(i) Classification

Financial assets and financial liabilities are recognised in the Office's statement of financial position when the Office becomes a party to the contractual provisions of the instrument.

(ii) Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

2. Significant accounting policies (continued)

(l) Financial Instruments (continued)

(iii) Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Office assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, trade receivables and payables are recorded at amortized cost using the effective interest method less any impairment.

(iv) Derecognition

Financial assets are derecognised when the Office realises the rights to receive cash flows have expired or have been transferred and the Office has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(m) Provisions and contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

(n) General reserve

The Office maintains a General Reserve in accordance with Section 34(2) of the URC Act to promote stakeholders' confidence in the long-term sustainability of the Office by preventing chronic cash flow situations that can diminish the Office's capacity to operate. The Office has accounted for the General Reserve as Restricted Cash on the Statement of Financial Position and in accordance with the General Reserve Policy approved by the Board of Directors, the amount shall represent a minimum of four months of operating expenses.

2. Significant accounting policies (continued)

(o) Employee benefits

Employee entitlements such as, annual leave, long service leave, retiring leave and other similar benefits are recognised in the statement of financial performance when they are earned by employees. Employee entitlements to be settled within one year following the year end outstanding at that date are reported as current liabilities at the amount expected to be paid.

Retirement benefits are provided to employees through a defined contribution plan, as well as a defined benefit plan (note 10).

Defined Contribution Plan
The Office participates in the Public Service Pensions Plan, a defined contribution pension fund, in accordance with the Public Service Pension Act. Contributions are charged to expenses as they are incurred based on set contribution rates. The Office makes monthly contributions at a rate of 12%, whereby the employer pays both the employer contribution of 6% and employee contributions of 6%. In addition, the Office is also required to contribute to the Public Service Pension Plan, an extra 0.4% (2022: 0.4%) of each employee’s monthly salary. This 0.4% (2022:0.4%) is a Past Service Liability (PSL) cost to cover a deficiency in the Fund. During the year, the Public Service Pensions (Contribution Rates) Regulations (2019) were issued, which amended the additional normal cost contribution rate effective January 1, 2017 to 0.4%.

The Office also participates in a pension plan administered by Silver Thatch. The contributions made to this plan is for employees who have reached the previous retirement age of 60 prior to the amendment of the National Pensions Act or employees who are over the current retirement age of 65. These employees are unable to contribute to the Public Service Pension Plan. The Office makes monthly contributions at a total rate of 12%, whereby the employer pays both the employer contribution of 6% and employee contribution of 6%. The Office is not required to make any additional contributions for PSL to this fund.

Defined Benefit Plan
The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each financial position date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Office’s defined obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability comprises the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(p) *Subsequent events*

Post-year-end events that provide additional information about the Office’s position at the financial position date (adjusting event) are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

3. Cash, cash equivalents and Short-term investments

(a) Cash on hand and deposits

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value. Although cash and cash equivalents at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

	31 December 2023	31 December 2022
Cash on Hand	231	3,500
Fixed Deposits	-	300,000
Current and Savings accounts	2,958,729	2,637,272
Total cash and cash equivalents	**2,958,960**	**2,940,772**

(b) Short-term investments

Short-term investments represent restricted cash of $2,600,000 (2022: 2,200,000) comprised of short-term deposits held with the Bank of Butterfield (Cayman) with original maturities of greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures. Although short-term investments at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks. Restricted Cash is held for the General Reserve Fund.

4. Accounts and Other Receivables

Accounts receivables comprise of balances due from licensees, permit holders and related parties (see note 8).

	31 December 2023	31 December 2022 (Restated)
Accounts receivables - Trade	414,468	618,601
Receivable from Government	780,056	420,832
Receivable from Water Authority Cayman	64,424	100,341
Other Receivables	408,952	93,811
Expected Credit Loss Allowance	(200,874)	(54,648)
Trade and other receivables (net)	**1,467,026**	**1,178,937**

The Office calculates impairment loss by assessing expected credit losses, taking into account historical credit loss data, prevailing economic circumstances and substantiated forecast of forthcoming developments. Lifetime expected credit losses have been calculated using sales invoices between 1 January 2021 and 31 December 2022 and the actual cash collection dates of these invoices to determine a historical loss collection profile by aging category.

The amount uncollected is used to determine the loss rate by aging category. This loss rate is applied to the aged trade receivables as at 31 December 2023 to determine the expected credit loss at that date. The Office defines default as any receivables at 365 days past due. The expected credit loss includes the full amount uncollected over 365 days. The calculated loss rates applied against the aging categories and the resulting expected credit loss are shown in the following table:

4. Accounts receivable and Other Receivables (continued)

Period Outstanding (Days)	Loss rate at 31 December 2023 %	Aging Receivable Balance at 31 December 2023 $	Specific Provision $	Expected credit loss at 31 December 2023 $	Loss rate at 31 December 2022 %	Aging Receivable Balance at 1 January 2023 $	Expected credit loss at 1 January 2023 $
0 – 30 days	0.52%	1,108,980	56,888	3,542	0.042%	1,161,316	314
31 – 60 days	0.58%	412,890		18	0.142%	10,592	15
61 – 90 days	3.526%	31,256	30,456	28	1.188%	20,474	243
91 – 180 days	8.914%	28,323	25,936	213	1.716%	871	15
181 – 365 days days	14.397%	86,174	83,068	447	2.442%	29,562	721
Over 365 days	100.00%	278	-	278	100%	23,824	23,824
Specific Provision	-	-		196,348	-	-	-
Total		1,667,900	196,348	200,874		1,246,639	$25,132

Included in Accounts Receivables is $196,348 that has been fully provided for. Of that total, $161,162 relates to amounts due from licensees for radio license fees and regulatory fees that are being disputed. The remaining balance of $35,186 relates to a grant from the United Kingdom Maritime and Coastguard Agency ("UK MCA") which has not been paid in accordance with the agreed upon timeframe. The Office has assessed the credit risk for each of these matters and concludes that it would be appropriate to record a provision for the full amount.

Also included in Accounts Receivable are amounts owed from the Cayman Islands Government in relation to Services Provided to the Government. The Office has assessed the risk of not collecting as low and has not included them in the calculation of the expected credit loss. The amounts outstanding from the Government are $370,283 which is included in the 0 – 30 day category and $409,774 which is included in the 31 – 60 day category (2022: $420,832 in the 0-30 day category).

The changes in the expected credit loss are detailed as follows:

	31 December 2023	1 January 2023
Opening Expected Lifetime Credit Loss	(25,132)	(35,340)
Increase in Expected Lifetime Credit Loss	(200,218)	(24,770)
Write Off of customer balances to Credit Loss	24,476	5,462
Impact of implementing IPSAS 41	-	29,516
Closing Expected Lifetime Credit Loss	(200,874)	(25,132)

The Office currently has a write off policy in place that includes an approval process, those appointed to approve, the thresholds that Management can approve and the approval process to the Board for those amounts over Management's threshold. Bad debts are to be written off within twelve to eighteen months if the amount is still outstanding and determined uncollectible. In accordance with IPSAS 41, the Office has determined that a financial asset is in default once it is 365 days past due, therefore all amounts over 365 days have been fully provided for.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

5. Property, plant and equipment

2023	Office equipment and furniture	IT equipment	Motor vehicles	Leasehold improvements	Other equipment	Total
Cost						
Balance at beginning of year	108,049	316,569	272,449	13,887	133,392	844,346
Other adjustments (reclassification)	(62,541)	62,541	-	-	-	-
Additions	12,019	15,992	-	-	63,843	91,854
Disposals	(16,630)	(120,614)	-	-	-	(137,244)
Balance at end of year	**40,897**	**274,488**	**272,449**	**13,887**	**197,235**	**798,956**
Accumulated depreciation						
Balance at beginning of year	37,281	246,598	184,528	3,066	33,698	505,171
Other adjustments (reclassification)	(5,969)	5,969	-	-	-	-
Charge for the year	5,460	45,229	24,732	2,777	22,680	100,878
Disposals	(16,630)	(120,614)	-	-	-	(137,244)
Balance at end of year	**20,142**	**177,182**	**209,260**	**5,843**	**56,378**	**468,805**
Net Book Value at December 31, 2023	**20,755**	**97,306**	**63,189**	**8,044**	**140,857**	**330,151**
2022	**Office equipment and furniture**	**IT equipment**	**Motor vehicles**	**Leasehold improvements**	**Other equipment**	**Total**
Cost						
Balance at beginning of year	44,303	268,155	236,648	13,887	80,602	643,595
Additions	63,746	48,414	35,801	-	52,790	200,751
Disposals	-	-	-	-	-	-
Balance at end of year	**108,049**	**316,569**	**272,449**	**13,887**	**133,392**	**844,346**
Accumulated depreciation						
Balance at beginning of year	31,141	214,520	160,420	289	22,792	429,162
Charge for the year	6,140	32,078	24,108	2,777	10,906	76,009
Disposals	-	-	-	-	-	-
Balance at end of year	**37,281**	**246,598**	**184,528**	**3,066**	**33,698**	**505,171**
Net Book Value at December 31, 2022	**70,768**	**69,971**	**87,921**	**10,821**	**99,694**	**339,175**

The Office reclassified assets previously included in Office equipment in 2022 to IT equipment as shown in the Other Adjustments line item above. The adjustments were necessary to properly align all assets to the correct asset categories.

6. Intangible assets

	31 December 2023	31 December 2022
Cost		
Balance at beginning of year	14,426	14,426
Additions	-	-
Balance at end of year	14,426	14,426
Accumulated amortisation		
Balance at beginning of year	8,157	7,788
Charge for year	2,212	369
Balance at end of year	10,369	8,157
Net Book Value	**4,057**	**6,269**

7. Accounts payable and accrued liabilities

	31 December 2023	31 December 2022 (Restated)
Accounts payable	75,003	194,222
Accrued expenses	209,137	163,226
Other	149,160	77,371
Total	**433,300**	**434,819**

8. Related party balances and transactions

During the year, the Government engaged the Office to provide certain services. The provision of these services (or "Outputs") is formalised in a purchase agreement which includes the collection and verification of royalties paid by Office's Licensees, policy advice on utility regulation matters and drafting instructions for legislation and regulations.

As part of the services provided to the Government, the Office collected, verified and remitted the 6% Royalty Fee from ICT Licensees as follows:

Year	Amount Collected - CI$
Q1	2,348,998
Q2	2,360,222
Q3	2,355,440
Q4	2,255,583
Total	**9,320,243**

At the end of the year, the amount that remains outstanding as a payable to Government is $3,655 (2022: $825).

The Government paid the Office $1,680,367 (2022: $1,607,822) during the year to provide the services outlined in the Purchase Agreement. At the end of the year, $780,056 (2022: $420,832) remained outstanding as a receivable.

8. Related party balances and transactions (continued)

Water Sector Revenues
On November 18, 2020, a Memorandum of Understanding (MOU) was signed between the Office and Water Authority-Cayman ("the entities"). This MOU determines the allocation of the royalty fees paid by the Cayman Water Company (CWC) between the entities in recognition of the cost incurred for the statutory responsibilities of Water Authority Cayman (WAC) and the regulatory responsibilities of the Office.

The revenue for the 2019 and 2020 financial years were allocated between the entities based on the proportionate allocation of costs incurred by the Office for regulating the Water Sector and the costs incurred by WAC for its statutory responsibilities for those years. This clause of the MOU was in effect until 31 December 2020.

On 1 January 2021, the amended Water Authority Regulations (WA Regulations) were implemented which introduced a Statutory Fee mechanism allowing WAC to levy a statutory fee to CWC consumers based on consumption. The Water Sector Regulations (WSR), which will introduce a Regulatory Fee mechanism for the Office, has not been approved by the Cabinet of the Cayman Islands Government yet. The MOU stipulates that upon the implementation of the amended WA Regulations, WAC will deduct from the royalties the statutory fees owed to WAC by customers in the CWC service area and the remaining balance will be paid to the Office, or as directed by Government. The total revenue earned by the Office based on the MOU in 2023 was $741,322 (2022:$626,852).

Public Service Pension Plan
The Office on behalf of its eligible employees paid contributions of $264,097 (2022: $246,889) to the Public Service Pensions Plan during the year.

Key Employee Benefits
The key employees of the Office includes the three (2022: four) Executive Directors. In accordance with IPSAS 20, the aggregate remuneration of key management personnel are shown below:

	31 December 2023	31 December 2022*
Salaries and short-term employee benefits	438,451	735,235
Other employee benefits**	56,736	374,585

*The former Chief Executive Officer left the organization in February 2022. The position was filled with an Interim Chief Executive Officer in March 2023, with terms that differ from the former Chief Executive Officer. The former Executive Director Information's contract ended in August 2020. The position remained vacant until January 2023.
**Included in Other Employee Benefits are final costs paid to one former Executive Director in 2023 and the former Chief Executive Officer and Post Retirement Healthcare Costs for one Executive Director in 2022.

In January 2023, the Office bid farewell to the former Executive Director Energy & Utilities and the former Executive Director Fuels/Chief Fuel Inspector. The impact on the 2023 financial statements is $56,736 due to a settlement made to one Executive Director. The Office has merged the two Executive Director positions to a combined role entitled Executive Director Energy, Fuels & Utilities, bringing the number of Executive Directors to two instead of three.

In September 2018, the Government seconded a Chief Operating Officer to be part of the Office's management team. The employee is paid by the Government and therefore does not impact the payroll cost.

The following fixed stipend for Non-Executive Board Members was approved by Cabinet on December 29, 2016:

Chair	$4,500 per month
Deputy Chair	$2,500 per month
Member	$2,000 per month

8. Related party balances and transactions (continued)

During the year, the Office appointed five additional Non-Executive Board Members in accordance with the Utility Regulation and Competition Amendment Act 2022. This addition brings the total Non-Executive Board Members to ten. Due to the resignation of one of the new members in December 2023, one Non-Executive Board Member position is vacant as at 31 December 2023. The Office also appointed a new Chairman following the resignation of the former Chairman due to health issues. The fees paid to the Non-Executive Board Members for the year ended December 31, 2023 was $226,000 (2022: 167,035). There were no loans granted to key management personnel or their close relatives during the year (2022: $nil).

9. General reserve

Section 38 of the URC Act requires the Office to maintain a reserve fund; the management of such fund being at the discretion of the Office. The General Reserve Fund aims to promote stakeholders' confidence in the long-term sustainability of the Office by preventing chronic cash flow situations that can diminish its capability and reputation requiring the Office to make short-term crisis-based decisions. The General Reserve Fund will be funded and available in cash or cash equivalents with the minimum fund balance based on the estimated cash requirements to operate the Office for 120 days.

10. Post-retirement benefits

Contributions to Pensions Plan
During the current year, the Office recognised pension expenses under salaries and employee benefits of $287,727 (2022: $286,009) paid to the Public Service Pensions Fund and the Silver Thatch Pensions Fund.

Public Service Defined Benefit Plan
The Office has two employees (2022: three employees) who are active participants in the Public Service defined benefit plan. The Office has one employee who is in a retired status, and receiving retirement benefits from the fund. During the year, the Office recognised pension expense under salaries and employee benefits of $38,000 (2022: $57,000).

Pension contributions for eligible employees of the Office are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer plan. Prior to 1 January 2000, the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000, the Fund had both a defined benefit and a defined contribution element, with participants joining after 1 January 2000 becoming members of the defined contribution element only.

Benefit obligations are estimated using the Projected Unit Credit method. Under this method, each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

The Fund has been valued by the Actuary (Mercer) to the Pensions Board. The defined contribution part of the Fund is not subject to the special actuarial valuations due to the nature of the benefits provided therein. The Office paid both the employee and employer's contributions. The actual amount of pension expense relating to the defined benefits for staff also includes the effect of the changes in the actuarial determined liability.

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

The amounts recognized in the statement of financial position is as follows:

	2023	**2022**
	$'000	$'000
Defined benefit obligation	701	665
Fair value of plan assets	476	504
Funded status	**225**	**161**
Net liability	**225**	**161**

The change in defined benefit obligation is as follows:

	2023	**2022**
	$'000	$'000
Defined benefit obligation at end of prior year	665	837
Service cost	53	72
Interest expense	36	22
Cash flows	(138)	17
Other significant events	-	-
Remeasurements	85	(283)
Effect of changes in foreign exchange rates	-	-
Defined benefit obligation at end of year	**701**	**665**

The change in fair value of plan assets is as follows:

	2023	**2022**
	$'000	$'000
Fair value of plan assets at end of prior year	504	570
Interest income	28	16
Cash flows - employer and participant contributions	(115)	38
Other significant events	-	-
Remeasurements	59	(120)
Effect of changes in foreign exchange rates	-	-
Fair value of plan assets at end of year	**476**	**504**

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

The net defined benefit liability (asset) reconciliation:

	2023	**2022**
	$'000	$'000
Net defined benefit liability as of beginning of year	161	267
Defined benefit cost included in P&L	61	78
Total remeasurements included in OCI	26	(163)
Other significant events	-	-
Cash flows	(23)	(21)
Credit to reimbursements	-	-
Effect of changes in foreign exchange rates	-	-
Net defined benefit liability as of end of year	**225**	**161**

The components of defined benefit cost is as follows:

	2023	**2021**
	$'000	$'000
Service cost	53	72
Net interest cost	-	-
Interest expense on DBO	36	22
Interest (income) on plan assets	(28)	(16)
Total net interest cost	8	6
Remeasurements of other long term benefits		
Administrative expenses and taxes		
Defined benefit cost included in P&L	61	78
Remeasurements (recognized in other comprehensive income)		
Effects of changes in demographic assumptions	-	-
Effects of changes in financial assumptions	(18)	(349)
Effect of experience adjustments	103	66
(Return) on plan assets (excluding interest income)	(59)	120
(Return) on reimbursement rights (excluding interest income)		
Changes in asset ceiling/onerous liability (excluding interest income)		
Total remeasurements included in OCI	**26**	**(163)**
Total defined benefit cost recognized in P&L and OCI	**87**	**(85)**

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

The sensitivity analysis on defined benefit obligation is shown below:

	2023	**2022**
1. Discount rate		
a. Discount rate – 25 basis points	745	708
b. Discount rate +25 basis points	659	625
2. Inflation rate		
a.Inflation rate – 25 basis points	657	624
b. Inflation rate + 25 basis points	748	709
3. Mortality		
a. Mortality – 10% of current rates	714	677
b. Mortality + 10% of current rates	689	654

The expected cash flow for the following year is as follows:

	2023	**2022**
Expected employer contributions	23	28

The significant actuarial assumptions are presented below:

	2023	**2022**
1. Discount rate	5.15%	5.40%
2. Rate of salary increase	4.0% in 2024 and 3.7% thereafter	5.0% in 2023, 4.00% in 2024 and 3.7% thereafter
3. Rate of price inflation	2.50% in 2024, 2.40% in 2025 and 2.0% thereafter	4.0% in 2023, 2.40% in 2024 and 2.0% thereafter
4. Rate of pension increases	2.50% in 2024, 2.40% in 2025 and 2.0% thereafter	4.0% in 2023, 2.40% in 2024 and 2.0% thereafter
5. Post-retirement mortality table	100% RP-2014 generationally projected using scale MP-2021	100% RP-2014 generationally projected using scale MP-2021
6. Cost method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

	2023	2022
1. Discount rate	5.35%	2.95%
2. Rate of salary increase	5.00% in 2023, 4.0% in 2024 and 3.7% thereafter	2.50%
3. Rate of price inflation	4.00% in 2023, 2.4% in 2024 and 2.0% thereafter	2.00%
4. Rate of pension increases	4.00% in 2023, 2.4% in 2024 and 2.0% thereafter	2.00%
5. Post-retirement mortality table	100% RP-2014 generationally projected using scale MP-2021	100% RP-2014 generationally projected using scale MP-2021

Plan Assets
The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund ("the Fund") and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund. The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting year, actual cash flows and allocates investment income and expenses in proportion to the opening value of assets allocated. Based on the data provided, the gross rate of return earned by the Fund for the year, January 1 2023 to December 31, 2023 was 19.57% per annum. Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 2023 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

The Fund currently has investment policy with a target asset mix of 80% (2022: 80%) equities and 20% (2022:20%) bonds. As at 31 December 2023, the Fund was invested as follows:

Plan Assets by Asset Category	**2023**		**2022**	
	$000	Percentage	$000	Percentage
Global equities securities	934,942	81%	767,353	81%
Debt securities	209,351	18%	175,678	18%
Cash and Receivables	4,447	1%	7,991	1%
Total	1,148,740	100%	951,022	100%

The Defined Contribution portion of the Fund totaled to $611,711,500 as at December 31, 2023 (2022: $572,783,600) as provided by PSPB. The share of the Fund that been notionally allocated to Office with regards to its participation in the Defined Benefit Part of the Plan at 31 December 2023 is $476,300 (2022:$504,100).

The Actuarial Assumptions
The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at 31 December 2023 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the pension expense for the following year.

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

Actuarial Assumptions (continued)

Measurement Date	**2023**	**2022**
Discount rate		
-BOY disclosure and current year expense	5.40%	2.90%
-EOY disclosure and current year expense	5.15%	5.40%
Following year service cost	5.10%	5.35%
Rate used to determine interest on defined benefit obligation and plan assets for following year	5.10%	5.35%
Rate used to determine interest on current service cost for following year	5.15%	5.40%
Increases in pensionable earnings	4.00% in 2024 and 3.70% per year thereafter	5.00% in 2023, 4.00% in 2024 and 3.70% per year thereafter
Rate of pension increases	2.50% in 2024, 2.40% in 2025 and 2.00% per year thereafter	4.00% in 2023, 2.40% in 2024 and 2.00% per year thereafter

	2023	**2022**
Mortality		
BOY disclosure and current year expense	100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021	100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021
EOY disclosure and following year expense	100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021	100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021
Disability	None	None
Turnover rates	Age related table	Age related table
Retirement	Age related table	Age related table
Assumed life expectations on retirement	Retiring today (member age 57): 28.78	Retiring today (member age 57): 28.69
	Retiring in 25 years (member age 57): 30.92	Retiring in 25 years (member age 57): 30.84
Liability cost method	Projected unit credit method	Projected unit credit method
Asset value method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

Actuarial Assumptions (continued)

Turnover rates at sample ages:

Age	Males	Females
20	7.50%	12.50%
25	5.00%	12.50%
30	3.50%	7.50%
35	2.50%	4.50%
40	1.50%	2.50%
45	0.50%	5.00%
50	0.00%	0.00%

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

Defined Benefit Healthcare Plan

The Office has established a post-retirement healthcare program for employees who were transferred to the Office from the Government upon creation of the Office. The objective of the plan was that staff members transferred to the Office will not be disadvantaged after the transfer in terms of employee benefits, they enjoyed as employees of the Government. This is in accordance with the Dangerous Substances Act (2017 Revision) Section 30.

The Office has accepted the responsibility to provide the same healthcare benefits enjoyed by former employees of the Government. Under this plan, the premiums for healthcare coverage would be paid by the Office for all eligible employees, together with their spouses (from the employee's retirement until death) and dependent children (from the employee's retirement until no longer considered a dependent child). To be eligible for this plan, the employee must be transferred from the Government with a total of 10 consecutive years spent with the Government and the Office. In addition, the employee must be entitled to a pension under the Public Service Pensions Act (2017 Revision) at the time of retirement from OfReg's employment. This post retirement coverage falls within the definition of a defined benefit as defined by IPSAS 25 – Employee Benefits and as such represents a future liability of the Office.

The Office has obtained the services of Mercer Actuaries of Canada to provide an actuarial valuation of the obligation. The details of the valuation method and assumptions used are presented below in accordance with IPSAS 25.

The Office has a present value net defined healthcare benefit obligation of $511,243 at the year ended December 31, 2023 (2022: $755,000).

10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

The amounts recognized in the statement of financial position are as follows:

	2023	2022
	$'000	$'000
Defined benefit obligation	511	755
Fair Value of plan assets		
Funded status	**511**	**755**
Net liability	**511**	**755**

The change in defined benefit obligation is as follows:

	2023	2022
	$'000	$'000
Defined benefit obligation at end of prior year	755	984
Service cost	65	187
Interest expense	13	28
Benefit payments from employer	(1)	-
Remeasurements		
Effect of changes in demographic assumptions	(10)	190
Effect of experience adjustments	(336)	(44)
Effect of changes in financial assumptions	25	(590)
Defined benefit obligation at end of year	**511**	**755**

	2023	2022
	$'000	$'000
Service cost	65	187
Net interest cost		
Interest expense on DBO	13	28
Defined benefit cost included in P&L	78	215
Remeasurements (recognized in other comprehensive income)		
Effects of changes in demographic assumptions	(10)	190
Effects of changes in financial assumptions	25	(590)
Effect of experience adjustments	(336)	(44)
Total remeasurements included in OCI	**(321)**	**(444)**
Total defined benefit cost recognized in P&L and OCI	**(243)**	**(229)**

10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

The net defined benefit liability (asset) reconciliation:

Net defined benefit liability reconciliation	**2023**	**2022**
	$'000	$'000
Net defined benefit liability as of beginning of year	755	984
Defined benefit cost included in P&L	78	215
Total remeasurements included in OCI	(321)	(444)
Other significant events		-
Cash flows	(1)	-
Effect of changes in foreign exchange rates		-
Net defined benefit liability as of end of year	**511**	**755**

Defined benefit obligation	**2023**	**2022**
Defined benefit obligation by participant status		
a. Actives	-	755
b. Vested deferreds	-	-
c. Retirees	511	-
Total	**511**	**755**

10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

The significant actuarial assumptions are presented below:

Significant actuarial assumptions	**2023**	**2022**
Weighted-average assumptions to determine defined benefit obligation		
Effective discount rate for defined benefit obligation	5.15%	5.35%
Health care cost trends		
Immediate trend rate	5.19%	5.28%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2021
Duration (in years)		
Weighted-average assumptions to determine defined benefit cost		
Effective discount rate	5.35%	2.95%
Effective rate for net interest cost	5.35%	2.83%
Effective discount rate for service cost	5.25%	2.95%
Effective rate for interest on service cost	5.30%	2.98%
Health care cost trends		
Immediate trend rate	5.28%	5.33%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2021

The sensitivity analysis on defined benefit obligation is shown below:

Sensitivity Analysis	**2023**	**2022**
Change in defined benefit obligation		
a. Effective Discount rate – 25 basis points	34	59
b. Effective Discount rate +25 basis points	(30)	(54)
Health care cost trend rates – 100 basis points	(109)	(192)
Health care cost trend rates + 100 basis points	149	266
b. Mortality + 10% of current rates	(17)	(32)

11. Services provided to government

The Office provides services to the Cabinet of the Government under an agreement established in the Annual Plan and Estimates (the "Plan"). The Plan for the year ended 31 December 2023 established legal provisions for the Office to provide a maximum of $1,757,707 in services. Each fiscal year's Ownership Agreement between the Office and Government sets out the objectives that the Office seeks to achieve.

12. Regulatory fees

The breakdown of regulatory fees is shown in the below table:

Regulatory Fees by Sector	31 December 2023	31 December 2022 (Restated)
ICT	1,517,489	1,519,800
Electricity	1,215,000	1,215,000
Water	741,322	626,852
Total Regulatory Fees	**3,473,811**	**3,361,652**

13. Other income

The breakdown of Other Income is shown in the below table:

	31 December 2023	31 December 2022
Administrative fines	400,000	225,000
Interest on fixed deposits	71,247	4,021
Contributions from external agencies	35,186	67,204
License application and renewal fees (ICT Major licensees)	11,250	5,250
Other Income	67,720	48,229
Total Other Income	**585,403**	**349,704**

During the year, the Office imposed an administrative fine of $400,000 on Cable and Wireless (Cayman Islands) Ltd. (t/a Flow) in relation to a breach of the terms of its license. The fine was levied in accordance with Section 14 of the Utility Regulation and Competition Act. During the year ended 31 December 2022, the Office imposed an administrative fine of $225,000 on Rubis Cayman Islands Limited in relation to non-compliance and breaches of the Dangerous Substances Act which resulted in a tank leak in 2019. Included in the administrative fine are fees related to investigative costs that were recovered from Rubis Cayman Islands Limited.

The Office recorded revenue owed from the UK MCA totaling to $35,186 (2022: $67,204) which is recognized as Other Income. The amount relates to partial financing for the fuel quality testing system which was purchased during the year and is recognized in Property, plant and equipment. The UK MCA made commitments to the Cayman Islands Government to assist with the strengthening of the jurisdiction's capacity to maintain and ensure compliance in our marine environment, particularly at oil handling facilities which are regulated by the Office. As at 31 December 2023, the amount recognized as revenue remained as a receivable from the UK MCA.

14. Licensing fees

The breakdown of licensing fees is shown in the table below:

	31 December 2023	31 December 2022
Spectrum Allocation Fees	146,777	139,113
Ship Radio Licensing	166,229	131,678
Type Approvals	58,012	74,784
Aircraft Radio Licensing	24,332	24,379
Other Radio Licensing	52,533	13,601
Total Licensing Fees	**447,883**	**383,555**

15. Contingencies and commitments

(a) Contingencies

Liability to the Cayman Islands Government – Compliance with the Public Authorities Act, (2020 Revision)
The Office is required to comply with The Public Authorities Act, (2020 Revision), (the "PAA"). Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the Office. The capital charge is set by the Minister of Finance and Economic Development ("the Ministry") after consultation with the public authority's board. There is no capital charge payable for 2023 (2022: $0) because the rate for the 2023 financial year was set at 0%. Going forward, the Office may be required to pay a capital charge in accordance with the PAA for future equity investments by the Government.

Under Section 39(2) of the PAA, any surplus cash exceeding three months' reserve should be paid to the Cayman Islands Government, unless directed otherwise by Cabinet, after consultation with the Board. The Cabinet has granted the exemption to public authorities from paying over surplus cash reserves as at 31 December 2023.

Under Section 39(3) of the Public Authorities Act (2020 Revision), the Office is required to pay dividends in accordance with the formula established by the Ministry after written consultation with the Board, unless otherwise directed by Cabinet. The Ministry has advised the Office that it will not be required to pay a dividend out of its surplus because its operations are not self-sustaining. Going forward, the Office may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends unless the Office continues to satisfy the exemption criteria noted under the policy.

(b) Commitments

Lease Commitments
The Office signed a five-year operating lease with Monaco Towers with a rent commencement date of October 1, 2021. Total lease payments made to Monaco Towers during the year totaled $244,986 (2022: $233,765).

Contractual Obligations
The Office has entered into several agreements with vendors to provide consultancy services for all of the sectors. The type of services includes legal regulatory assistance, economic regulatory assistance, and rate reviews.

The Office's future payments based on lease commitments and contractual obligations are:

	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Monaco Towers	256,206	473,608	-	729,814
Agreements with Consultants	309,860	14,234	-	324,094
Total Commitments	**566,066**	**487,842**	**-**	**1,053,908**

16. Personnel Costs

The breakdown of personnel costs is shown in the below table:

	31 December 2023	31 December 2022
Salaries	2,698,748	2,747,619
Health insurance	514,673	452,230
Pension	287,727	288,451
Post-retirement benefit costs	116,000	272,000
Work permit fees	59,582	82,774
Other	63,819	39,700
Total Personnel Costs	**3,740,549**	**3,882,774**

17. Professional and consultancy fees

The breakdown of professional and consultancy fees is shown in the below table:

	31 December 2023	31 December 2022
Consultancy fees	238,908	351,462
Audit fees	70,000	61,765
Professional fees	12,859	19,939
Total Professional & Consultancy Fees	**321,767**	**433,166**

18. General and administration costs

The breakdown of general and administration costs is shown in the below table:

	31 December 2023	31 December 2022
Utilities	92,410	88,445
IT services	161,544	132,453
Subscriptions and contributions	42,357	44,838
Office administration expenses	158,500	198,545
Bad debt expense	200,218	24,770
Bank charges	13,378	12,179
Insurance	28,237	24,797
Other expenses	63,916	54,587
Total General and Administrative Costs	**760,560**	**580,614**

19. Litigation costs

The breakdown of litigation costs is shown in the below table:

	31 December 2023	31 December 2022
Legal fees	304,095	21,398
Settlement Costs	40,000	-
Total Litigation Costs	**344,095**	**21,398**

Included in legal fees are the costs related to two judicial reviews with licensees as detailed in the following note.

20. Judicial reviews

An application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee FLOW against the Office. The application has been heard and allowed by the Grand Court. The application concerned a determination made by the Office on an infrastructure sharing dispute. The Court has not set a date for hearing, however, the Office has retained legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of costs that the Licensee will seek if successful cannot be determined at this time.

An application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee Infinity Broadband Limited (trading as C3 Pure Fibre) against the Office. The application has been heard by the Grand Court. The application concerned an Enforcement Notice pursuant to Section 91 (9) of the Utility Regulation and Competition Act (2021 Revision) in relation to the non-payment of Licence Fees, (which includes regulatory fees due to the Office and royalty fees due to the Cayman Islands Government) owed by Infinity Broadband Limited in accordance with their licence. The leave was refused by the Grand Court in relation to the application and the court has ordered that C3 pay the Office's costs. The precise level of costs that the Office will be reimbursed cannot be determined at this time. Infinity Broadband Limited has appealed the Grand Court's decision and argues that payment of costs should be stayed until after the appeal is heard. The hearing of the appeal against refusal of leave is scheduled for September 2024 and the Office has continued to retain legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the appeal is not successful. The precise level of costs that the Licensee will seek if successful cannot be determined at this time.

An application for Leave to apply for Judicial Review was made to the Grand Court by Fuels permitholder Nixon Enterprises against the Office. The application has been heard by the Grand Court and leave was granted. The application concerned the Change of Control of a gas station that was held by the permit holder. A settlement has been proposed whereby the Office will be required to pay certain legal costs. The precise level of costs has not been determined at this time as negotiations have not been completed as at year end, however, the Office has recorded a potential settlement amount in relation to this matter.

21. Financial risk management objectives and policies

The Office's principal financial assets are comprised of cash and cash equivalents and accounts receivables. Financial liabilities are solely Accounts payable and other accrued liabilities. The Office's Board of Directors has overall responsibility for the establishment and oversight of its risk management policies which are designed to identify and analyze the risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are periodically reviewed to reflect changes in market conditions and Office's activities. The most important types of financial risk to which the Office is exposed are:

21. Financial risk management objectives and policies (continued)

a) Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office did not hold any financial instrument that was subject to market risk at 31 December 2023.

b) Credit Risk
The Office is a party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, short-term deposits, trade receivables, and accounts payable. The Office seeks to minimize exposure from financial instruments and does not enter into speculative financial instrument transactions.

Credit risk is the risk that the counter party to a transaction with the Office will fail to discharge its obligations, causing the Office to incur a financial loss. The Office is exposed to credit risk through the normal trade credit cycle and advances to third parties.

Financial assets that potentially subject the Office to credit risk consist of Cash and Cash Equivalents, term deposits, trade receivables, and other receivables.

The average credit period on sales is 30 days. The Office manages its credit risk by limiting the counter parties it transacts business with to counterparties it believes to be capable of performing their contractual obligations. Generally, the Office does not require collateral. Ongoing credit risk is managed through review of the aging receivable analysis. Maximum exposures to credit risk as at year end are the carrying value of financial assets in the statement of financial position.

Expected credit losses (ECL)
ECLs are calculated on a lifetime basis for Accounts Receivables. Please see Accounts and Other Receivables note on page 17 of the notes to the financial statements for more information on credit risk disclosures for ECL on Accounts Receivables.

Concentrations of credit risk
The Office does not have any significant credit risk exposure. The credit risk on cash and cash equivalents and short-term investments is limited. The Office's main bank is Butterfield Bank (Cayman) Limited which has S&P Global Ratings of A2 for short term issues and BBB+ long term for long term issues.

The maximum exposure to credit risk at 31 December 2023, is as follows:

	31 December 2023	**31 December 2022**
Cash and Cash equivalents	2,958,960	2,940,772
Short-term investment	2,600,000	2,200,000
Accounts Receivable	1,467,026	1,178,937
Maximum exposure	**7,025,986**	**6,319,709**

c) Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity risk management process ensures that the Office is able to honour all of its financial commitments when due. The Office manages liquidity risk by ensuring that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations. To this end, the Office maintains a reserve, as is required by the Utility Regulation and Competition Act. The size and nature of the reserve are determined by Management. At the moment, the Office maintains a cash reserve equivalent to four months of operating expenses.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2023
(stated in Cayman Islands dollars)

21. Financial risk management objectives and policies (continued)

d) Interest Rate Risk

The Office is subject to interest rate risk on the cash placed with a local bank which attracts interest. The Office is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. Interest payments are charged to customers on late payments on accounts receivable.

22. Financial instruments

Fair values. The carrying amount of cash deposits, prepayments, accounts receivable and accounts payables and accrued liabilities approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

23. Segment reporting

	ICT Sector	Electricity Sector	Fuel Sector	Water Sector	Consolidated
	2023	**2023**	**2023**	**2023**	**2023**
	$	**$**	**$**	**$**	**$**
Revenue					
Services Provided to Government	214,015	23,656	1,434,618	8,078	1,680,367
Revenue from external sources	2,706,129	1,228,110	135,074	744,926	4,814,238
Total revenue	**2,920,144**	**1,251,766**	**1,569,692**	**753,003**	**6,494,605**
Expenses					
Personnel	1,533,956	593,688	1,203,638	409,267	3,740,549
Supplies and Consumables	1,020,372	214,682	345,014	60,958	1,641,026
Depreciation	42,143	13,643	42,645	4,659	103,090
Other expenses	296,979	21,925	75,009	6,391	400,304
Total expenses	**2,893,450**	**843,938**	**1,666,306**	**481,275**	**5,884,969**
Surplus/(deficit) from operating activities	**26,694**	**407,828**	**(96,614)**	**271,728**	**609,636**
Assets					
Accounts Receivable	431,995	312,560	641,361	81,110	1,467,026
Prepayments	90,679	35,955	57,915	13,260	197,809
Property, plant and equipment	83,821	14,135	224,830	7,365	330,151
Total assets	**606,495**	**362,650**	**924,106**	**101,735**	**1,994,986**
Liabilities					
Current liabilities	182,068	44,288	196,871	13,728	436,955
Long Term Liabilities	163,320	21,990	543,424	7,509	736,243
Total liabilities	**345,388**	**66,278**	**740,295**	**21,237**	**1,173,198**

23. Segment reporting (continued)

	ICT Sector	**Electricity Sector**	**Fuel Sector (Restated)**	**Water Sector (Restated)**	**Consolidated (Restated)**
	2022	**2022**	**2022**	**2022**	**2022**
	$	**$**	**$**	**$**	**$**
Revenue					
Services Provided to Government	169,572	12,909	1,419,125	6,216	1,607,822
Revenue from external sources	2,176,592	1,217,621	337,828	628,114	4,360,155
Total revenue	**2,346,164**	**1,230,530**	**1,756,953**	**634,330**	**5,967,977**
Expenses					
Personnel	1,285,577	812,415	1,325,901	458,881	3,882,774
Supplies and consumables	567,959	258,437	366,615	122,609	1,315,620
Depreciation	30,783	11,708	28,251	5,637	76,379
Other expenses	148,395	31,503	57,901	12,481	250,280
Total expenses	**2,032,714**	**1,114,063**	**1,778,668**	**599,608**	**5,525,053**
Surplus from operating activities	**313,450**	**116,467**	**(21,715)**	**34,722**	**442,924**
Assets					
Accounts receivable	371,431	328,226	378,555	100,725	1,178,937
Prepayments	47,796	34,451	43,336	11,561	137,144
Property, plant and equipment	110,267	23,521	203,760	1,627	339,175
Total assets (excluding Cash & Cash Equivalents and Short-Term Investments)	**529,494**	**386,198**	**625,651**	**113,913**	**1,655,256**
Liabilities					
Current liabilities	185,976	80,661	151,359	17,648	435,644
Long term liabilities	109,158	17,497	780,921	8,424	916,000
Total liabilities	**295,134**	**98,158**	**932,280**	**26,072**	**1,351,644**

In accordance with Section 40(2) of the URC Act (2021 Revision), the Office's revenue and expenses have been allocated to each of the regulated sectors. In allocating the costs, the Office has used its best endeavours to allocate directly incurred costs to the regulated sector to which they relate. Indirect costs have been allocated utilizing the number of personnel within each sector to determine the proportion of the costs to be allocated to each regulated sector.

24. Budget variances

Statement of Financial Position	**31 December 2023**	**31 December 2023**	**31 December 2023**	**Note**
	Actual	**Budget**	**Variance**	
CURRENT ASSETS				
Cash and cash equivalents	2,958,960	2,098,779	860,181	1
Short term investments	2,600,000	1,200,000	1,400,000	2
Accounts receivable	1,467,026	1,842,898	(375,872)	3
Prepaid expenses	197,809	150,000	47,809	
	7,223,795	**5,291,677**	**1,932,118**	
NON-CURRENT ASSETS				
Property, plant and equipment	330,151	705,978	(375,827)	4
Intangible assets	4,057	26,000	(21,943)	
TOTAL ASSETS	**7,558,003**	**6,023,655**	**1,534,348**	
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	433,300	378,114	(55,186)	
Collections payable to Government	3,655	-	(3,655)	
LONG TERM LIABILITIES				
Defined benefit healthcare liability	511,243	1,264,000	752,757	5
Defined benefit pension liability	225,000	422,000	197,000	5
TOTAL LIABILITIES	**1,173,198**	**2,064,114**	**890,916**	
NET ASSETS	6,384,805	3,959,541	(2,425,264)	6
TOTAL LIABILITIES AND NET ASSETS	**7,558,003**	**6,023,655**	**(1,534,348)**	

Note 1 – Higher cash on hand is due to delays in capital expenditure and delays in filling vacant and new positions.
Note 2 – Short term investments relate to the General Reserve; the budget amount anticipated that a portion of the General Reserve would have been invested, and the remainder would have been included in Cash and Cash Equivalents. The actual balance was also increased due to the receipt of the Administrative fine from Cable & Wireless (Cayman Islands) (t/a Flow) and to ensure funds were available for the pending Judicial Reviews. The costs related to the Judicial Reviews were not planned and therefore not included in the original budget.
Note 3 – Lower Accounts receivable is due mainly to lower regulatory fees than budgeted and the implementation of IPSAS 41 leading to a higher provision for doubtful accounts than budgeted.
Note 4 – The capital expenditure budgeted for 2022 and 2023 was $613,000 and $16,500 respectively. As at December 31, 2023, the actual spend for both years was $290,131 The major projects that have been delayed are the leasehold improvements and the purchase of equipment for the fuels sector.
Note 5 – Lower than budgeted healthcare liability due to the resignation of one employee. Lower than budgeted pension liability due to the retirement of one employee.
Note 6 – The net assets are higher than budgeted due mainly to higher assets than budgeted.

24. Budget variances (continued)

Statement of Financial Performance	31 December 2023	31 December 2023	31 December 2023	Note
	Actual	Budget	Variance	
REVENUE				
Sales of goods and services	5,909,202	7,341,228	(1,432,026)	7
Other revenue	585,403	-	585,403	8
TOTAL REVENUE	**6,494,605**	**7,341,228**	**(846,623)**	
EXPENSES				
Personnel costs	3,740,549	5,106,903	1,366,354	9
Purchase of services	918,181	1,203,401	285,220	10
Lease of property and equipment	244,986	240,310	(4,676)	
Litigation costs	344,095	-	(344,095)	11
Travel and subsistence	63,637	70,000	6,363	
Depreciation & amortisation	103,090	201,986	98,896	12
Recruitment and training	72,700	142,425	69,725	13
Utilities	92,410	87,825	(4,585)	
General insurance	28,237	78,225	49,988	14
Interdepartmental expenses	70,000	60,000	(10,000)	
Supplies and materials	6,866	7,300	434	
Bad Debt expense	200,218	-	(200,218)	15
TOTAL EXPENSES	**5,884,969**	**7,198,375**	**1,313,406**	
NET SURPLUS	**609,636**	**142,853**	**466,783**	16

Note 7 – The unfavourable variance of $1,432,026 is due mainly to the delay in the implementation of the long-term regulatory fee mechanism for the Water Sector and also lower fees in the ICT sector than budgeted. (Refer to Note 8 of the notes to the financial statements on page 20 for further information on the regulatory fee mechanism for the Water Sector).

Note 8 – The favourable variance is due mainly to an unbudgeted Administrative Fine to Cable & Wireless (Cayman Islands) Ltd. (t/a Flow). (Refer to Note 20 of the notes to the financial statements on page 34 for further information).

Note 9 – Personnel Costs are lower than budget due to a delay in filling vacant and new positions. This is partially offset by unbudgeted defined benefit healthcare and pension costs.

Note 10 - Purchase of Services is favourable to budget due mainly to the following:

Lower Professional and consultancy fees – Included in the budget was an amount of $419,500, however, the Office only spent $251,767. The unspent portion relates to contingency amounts for all sectors.

Lower Software Licensing Fees – Included in the budget was an amount of $192,000 related to software licensing for a Quality-of-Service system for Broadband which has not been spent.

The savings above are partially offset by the following:

Higher Director Fees – Included in the budget was an amount of $190,400, however $233,585 was spent due to an increase in the number of Non-Executive Directors which was unbudgeted.

Note 11 – Litigation Costs are unfavourable to budget due to unplanned costs related to judicial reviews in the ICT sector. (See note 20 of the notes to the financial statements on page 34 for further information)

Note 12 - Depreciation is favourable to budget due to the deferral of significant capital expenditure. (See Note 4 on page 38)

Note 13 – Recruitment and Training Costs were lower than budget due to delays in hiring and also a portion of budgeted training costs for the ICT sector was not spent.

24. Budget variances (continued)

Note 14 – The favourable variance is due to the budget for professional indemnity not being spent. The URC Act was amended to provide the required indemnity coverage.
Note 15 – The unfavorable variance is due to the implementation of IPSAS 41 and specific provisions of $196,348.
Note 16 - The Net Surplus is favourable to budget by 327% due to lower expenses of by $1,313,406 partially offset by lower revenues of $846,623.

Statement of Cash Flows	**31 December 2023**	**31 December 2023**	**31 December 2023**	**Note**
	Actual	**Budget**	**Variance**	
CASH FLOW FROM OPERATING ACTIVITIES				
Net comprehensive surplus for year	609,636	142,853	466,783	16
Adjustment for non-cash transactions:				
Depreciation and amortisation	103,090	201,986	(98,896)	12
Defined benefit plans	115,243	-	115,243	17
Impact of implementing IPSAS 41	29,516	-	29,516	
Bad Debt Expense	200,218	-	200,218	18
	1,057,704	**344,839**	**712,865**	
Net changes in non-cash operating balances:				
(Increase)/decrease in:				
Accounts receivable	(488,306)	(132,811)	(355,496)	19
Prepaid expenses	(60,665)	-	(60,665)	20
Collections payable to Government	2,830	-	2,830	
Accounts payable and accrued liabilities	(1,520)	61,570	(63,090)	21
Net cash provided by operating activities	**510,042**	**273,598**	**236,444**	
CASH FLOW FROM INVESTING ACTIVITIES				
Transfer (to)/from fixed deposit	-	-	-	
Transfer to restricted cash	(400,000)	-	(400,000)	22
Purchase of property, plant and equipment	(91,854)	(16,500)	(75,354)	23
Purchase of intangible assets	-	-	-	
Net cash used in investing activities	**(491,854)**	**(16,500)**	**(475,354)**	
CASH FLOWS FROM FINANCING ACTIVITIES				
	-	-	-	
Net cash provided by financing activities	**-**	**-**	**-**	
Net increase in cash and cash equivalents during the period	18,188	257,098	(238,910)	
Cash and cash equivalents at beginning of the period	2,940,772	1,841,681	1,099,089	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,958,960**	**2,098,779**	**860,181**	

24. Budget variances (continued)

Note 12 - Depreciation is favorable to budget due to the deferral of significant capital expenditure. (See Note 4 on page 38)
Note 17 - Non-Cash Defined Benefit Costs are higher than budgeted due to unbudgeted defined benefit health care and pension costs for eligible employees.
Note 18 – Bad Debt Expense is higher than budgeted due to the implementation of IPSAS 41.
Note 19 – The change in Accounts Receivable is higher than budget due to higher outstanding receivables from the Government than budgeted in relation to Services Provided to the Government.
Note 20 – Unbudgeted prepayments for health insurance premiums and lease of accommodations. The Office prepaid the January 2024 expenses in December 2023.
Note21 - The budget anticipated a reduction in Accounts Payable & Accrued Expenses at the end of the year, however, the actual change in the Accounts Payable & Accrued Expenses balance was an increase due to higher deferred revenue than anticipated.
Note 22 – Increase in General Reserve due to unbudgeted Administrative Fine for Cable & Wireless (Cayman Islands) Ltd (t/a Flow).
Note 23 – Higher capital expenditures than planned due mainly to the delay in the purchase of equipment for the fuels sector, which was originally budgeted for 2022.

25. Prior Period Adjustments

The Office amended revenue related to the MOU with WAC. The amendment is in regard to the calculation of the 2022 royalty fee due from CWC, which was overstated and impacted the sharing of revenue between WAC and the Office. The total adjustment of $13,082 is recognized as a prior period adjustment.

The Office amended revenue related to the issuance of fuel permits. Revenue recognized in the prior year should have been deferred as at 31 December 2022. The total amount of fuel permit revenue that should have been deferred is $70,985 and has been recognized as a prior period adjustment.

	As at and for the year ended 31 December 2022		
Statement of Financial Position	**As previously reported**	**Adjustment required**	**As Restated**
Accounts Receivable	1,192,019	(13,082)	1,178,937
Total Assets	6,815,379	(13,082)	6,802,297
Accounts payable and accrued liabilities	363,834	70,985	434,819
Total Liabilities	1,280,659	70,985	1,351,644
Net assets	5,534,720	(84,067)	5,450,653
Statement of Financial Performance			
Regulatory fees	3,374,734	(13,082)	3,361,652
Permit Fees	112,592	(70,985)	41,607
Total Income	6,052,044	(84,067)	5,967,977
Net Surplus for the year	526,991	(84,067)	442,924
Statement of Cash Flows			
Net Surplus for the year	526,991	(84,067)	442,924
Net changes in non-cash operating balances:			
Accounts Receivables	438,887	13,082	451,969
Accounts payable and accrued expenses	67,695	70,985	138,680

26. Subsequent Events

In April 2024, an application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee DataLink, Ltd. against the Office. The application concerned the live consultation on a draft determination shared by the Office on infrastructure sharing matters between DataLink, Ltd. and other ICT Licensees. The Court has not set a date for hearing, however, the Office has retained legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of costs that the Licensee will seek if successful cannot be determined at this time.

FOI Requests 2023

(1) FOI 100151: On 9 January 2023, the applicant requested copies of all records that are held by OfReg pertaining to; a) the creation of, b) the advertising of, and c) the recruitment process for the post of Executive Director Energy, Fuels and Utilities. The reference to 'all records' includes, but is not limited to documents, emails, faxes, letters, file notes, digital recordings, notes and recordings of telephone conversations, text messages, photographs, videos, voice mails, and any information that is held on behalf of OfReg other than on its own premises. I prefer to receive the information electronically. On 10 February 2023, the applicant was provided the following links https://www.ofreg.ky/news/advertisement-executive-director-energy-fuels-and-utilities and link to the Utility Regulation & Competition Act on Power to Employ Staff https://www.ofreg.ky/viewPDF/documents/legislation/2021-06-23-06-04-02-Utility-Regulation-and-Competition-Act-2021-Revision.pdf

(2) FOI 100198: On 11 January 2023, the applicant requested copies of all vehicle usage policies, procedures, and legislation and details of the number, make, and model of vehicles for each department. On 15 February 2024, the applicant was informed that the Public Service Management Act (2018 Revision), section 5(2)(i) includes within the Public Servant's Code of Conduct that:

"a public servant must not use official resources, including electronic or technological resources, offensively or for other than very limited private purposes".

Section 5(1) of the Act requires that all public servants comply with the Public Servant's Code of Conduct, and that:

"Failure to do so in a significant way shall be grounds for discipline or dismissal".

A spreadsheet was provided with vehicle details and a copy of the use of vehicle policy.

Make	Model	Registration Number
Chevrolet	Trailerblazer	175034
Chevrolet	Tahoe	177670
Chevrolet	Tahoe	193772
Chevrolet	Silverado	172645
Chevrolet	Silverado	172558
Toyota	Hilux	209584
Toyota	Hilux	150812
Toyota	Hiace	174327
Suzuki	Ciaz	167272

Use of Vehicles Policy

- All drivers who operate an OfReg vehicle must possess a valid driver's license, and a copy be placed in their employee file;
- All operated OfReg owned vehicles must always have the OfReg logo prominently displayed, observed violations to this rule shall be reported to the CEO for appropriate action;
- Any accidents shall be reported immediately to the Police and to the employee's direct report;
  - a) A written Motor Vehicle Accident Report Form will be completed within 24 hours, and copies submitted to Risk Management, via the Delegated Officer and Senior Manager;
  - b) b) Drivers who are found responsible for accidents may be required to pay damages.
- Traffic Rules must be obeyed. The Office will not be responsible for paying fines.

(3) FOI 100473: On 19 January 2023, the applicant stated that when Uniregistry.com was established here in Cayman many years ago they had undertaken the management of the Cayman islands' TLD .ky but that the .ky TLD was still owned by the Government. I have now noticed that since certain components of Uniregistry.com was sold to Godaddy a few years back Godaddy is now reselling the .ky domain at nearly double the price that Uniregistry.com was selling them for. Can you confirm the following for me? Is the .ky TLD still owned by the Cayman Islands Government or one of its bodies? If it is no longer owned by the Cayman Islands Government, when was it sold, to whom, and for what price? If it is still owned by the Cayman Islands Government, who controls the pricing of the domains under the .ky TLD? Does the Cayman Islands Government profit still from the sale of the .ky domains? If they profit from it, how much do they make on the sale? On 18 January 2023, the applicant was informed that:

1. Is the .ky TLD is still owned by the Cayman Islands Government or one of its bodies? The .KY cc is still owned by the Cayman Islands Government (CIG) and the Registry is managed by OfReg under contract to the (CIG).

2. If it is no longer owned by the Cayman Islands Government, when was it sold, to whom and for what price? As stated above the .KY cc is still owned by the (CIG).

3. If it is still owned by the Cayman Islands Government, who controls the pricing of the domains under the .ky TLD? A person or entity who registers a domain name pays an annual fee for the rights of use. The registration is typically done via a registrar. Where the Registry acts as a wholesaler, the Registrar acts as a retailer. This is done under contract between the Registry and the Registrar. The Registry sets the wholesale price, whereas the Registrar sets the retail price. The domain name industry operates on the free market principle, where prices at retail are typically controlled via competition. Further price control considerations are broadly the purview of the contract between the Internet Corporation for Assigned Names & Numbers (ICANN) and the CIG. Price control mechanisms may also be enforced via the Registry Registrar Agreement (RRA) between the Registry and the Registrar.

4. Does the Cayman Islands Government profit still from the sale of the .ky domains? The answer is yes, The Registry operator remits fees to OfReg based on the wholesale price.

5. If they profit from it, how much do they make on the sale?" In 2018, OfReg collected CI$152,521.00 please see Statement of Financial Performance found on Page 5 of the Financial Statements. The Financial Statements start on Page 22 of the 2018 Annual Report, see attached link https://www.ofreg.ky/viewPDF/documents/annual-report/2021-04-19-03-59-29-OfReg2018AnnualReport-compressed1614011907.pdf

   We have not published the figures for 2019 through 2021 as these are with Parliament to be tabled. Once this is complete, the report will become a public document and we will release the figures.

(4) FOI 101774: On 10 March 2023, the applicant requested all emails, minute meetings, recordings or communications of any kind between any current or former staff or representatives of OfReg and any staff or representatives of Caribbean Utilities Company (CUC) or the Cayman Islands Government in relation to the proposed Primitive Greens project and/or proposed floating solar farm. The applicant was informed that no correspondence was found.

(5) FOI 102060: On 14 March 2023, the applicant requested copies of all correspondence between a private individual and a former employee of OfReg. The below redacted emails were provided to the applicant.

(6) FOI 102064: On 15 March 2023, the applicant requested a record of any and all documents that specifically confirm either an approval or denial, by the OfReg Board or OfReg Senior Management, related to a project application that was submitted to OfReg for approval in 2022. The applicant also requested any document, law, policy, or regulation that OfReg uses to legally or regulatorily determine what size (in KW's AC or MW's AC) is a utility-scale renewable energy system in the Cayman Islands. Lastly, we hereby submit this FOI for any and all documents that show how OfReg is currently, or has to date, carried out its legal mandate to promote innovation in renewable energy. If no such documentation exists, please confirm via a YES or NO as to whether OfReg is legally compliant with its mandate under the URC to promote innovation in renewable energy. On 16 March 2023, a second request was received " Dear OfReg, I am hereby submitting an FOI request for all emails or documents by and between OfReg and CUC or any staff or board member of CUC which mention or refers to myself related solar proposal(s) or project(s). I also specifically want copies of any and emails between OfReg or any current or former staff member of OfReg and anyone at CUC related to the email entitled "EPC Notification to CIG - VOSS/OfReg" originally sent by me. The applicant was provided with copies of the following board minutes: file:///Users/daniellee/Downloads/2023-04-06-10-34-32-Board-of-Directors-Meeting-12-of-2022-8-December-2022.pdf

https://www.ofreg.ky/viewPDF/documents/2022-09-16-12-55-14-Minutes-of-General-Meeting-8-of-2022-11-Aug-2022.pdf

https://www.ofreg.ky/viewPDF/documents/2023-01-12-13-07-36-Minutes-of-Extra-Ordinary-Meeting-4-of-2022-30-September-2022-.pdf

https://www.ofreg.ky/viewPDF/documents/board-of-directors-meetings/2022-08-05-00-49-53-Minutes-of-General-Meeting-6-of-2022-9-June-2022.pdf

(7) FOI 102102: On 22 March 2023, the applicant requested documents and calculations that show how OfReg has ever determined a) the installed cost of solar energy systems in the Cayman Islands and b) the return on investment to consumers in regard to setting CORE FIT rates. The applicant was given a copy of the E&U 2021 – 1 – Final Determination Proposed Renewable Energy Capacity Reallocation and Tariff Setting located at https://www.ofreg.ky/viewPDF/documents/consultations/2021-05-12-06-08-21-1615245378202103FinalDeterminationonRECRTSFINAL.pdf

The applicant was also given a copy of the responses to the final determination located at https://www.ofreg.ky/viewPDF/documents/consultations/2021-08-31-02-17-55-CREA---Response-to-EU-2021---1---Draft-Determination-Proposed-Renewable-Energy-Auction-Scheme.pdf

(8) FOI 102485: On 13 April 2023, the applicant requested the actual email received and the FOI request document (if it is not in the form of the email itself) related to the FOI request for emails between the applicant and OfReg. The applicant was informed that the Office did not release any documents to the applicant making the request and was provided with a redacted copy of the email.

(9) FOI 102727: On 20 April 2023, the applicant requested copies of all fuel efficiency studies and cost of service studies related to the licensee CUC. The Ombudsman ruled on this matter located at https://ombudsman.ky/images/pdf/decisions/FOI_Decisions/Hearing%20103-202300443.pdf. However, this matter is still pending.

(10) FOI 103082: On 3 May 2023, the applicant requested all documents related to any proposals or programs by CUC related to electric vehicle charging including any decisions or correspondence between OfReg and CUC on the subject. On 25 May 203, the applicant was provided with the below two links. On 5 July the applicant was informed that OfReg is currently in the final stages of agreeing on the terms of service and application process and documentation, once this has been completed it will be provided.

https://onlineservices.cuc-cayman.com/hc/en-us/articles/4402158731922-Electric-Vehicle-Charging-Stations-and-EV-Charging-Rates

https://onlineservices.cuc-cayman.com/hc/en-us/articles/9464297399954-EV-Charging-Rates-Effective-January-1-2023-

(11) FOI 103659: On 30 May 2023, the applicant requested reports from the Police, Fire, and OfReg on the explosion, that occurred in 2011 at Caribbean Utility Company's power plant premises located on Sparky Drive. The applicant was referred to the RCIPS and the Fire Department. The applicant was also informed that no documents were found at OfReg.

(12) FOI 103856: On 22 June 2023, the applicant requested all documents and/or relevant information that OfReg has used and/or uses to assess the annual cost to operate the CUC T&D grid in Grand Cayman. For clarity, we seek specific (and only) information related to the annual costs to operate the CUC Grid, separate from any energy generation or other operational costs. (2) Copies of minutes of all meetings held between OfReg and CUC (Caribbean Utilities Company) from January 2018 to date. (3) Copies of the 2 studies noted in your press release per the link below. https://www.ofreg.ky/news/press-release-cuc-ofreg-solar-studies. Please confirm if these two studies are paid for by the local taxpayers (CI Government) and/or electricity consumers in Grand Cayman. On 21 August 2023, the applicant was informed that in response to request #1. Unfortunately, the information you have inquired about could not be located. As a result, we regret to inform you that we are unable to furnish any specific details concerning this particular section of the FOI request.

In response to request #2, copies of all Board Minutes are accessible on OfReg's website located at https://www.ofreg.ky/board-of-directors-meetings In particular, the following board minutes contain references to CUC:

18 January 2018, 12 April 2018, 10 May 2018, 2 July 2018, 14 September 2018, 11 October 2018, 08 November 2018, 06 December 2018, 10 January 2019, 14 February 2019, 25 July 2019, 14 May 2020, 30 July 2020, 27 August 2020, 22 October 2020, 18 November 2020, 26 February 2021, 18 March 2021, 15 April 2021, 13 May 2021, 08 November 202, 26 November 2021, 09 December 2021, 13 January 2022, 14 April 2022, 12 May 2022, 14 July 2022, 13 October 2022, 13 July 2023, 20 March 2020, 04 August 2020, 22 December 2021, 06 July 2023. In response to request #3, the Office considers these studies as 'records relating to commercial interests' and are exempt in accordance with the Freedom of Information Act (2021 Revision) Sec 21. (1) Subject to subsection (2), a record is exempt from disclosure if — (a) its disclosure would reveal — (i) trade secrets; (ii) any other information of a commercial value, which value would be, or could reasonably be expected to be, destroyed or diminished if the information were disclosed; or (b) it contains information (other than that referred to in paragraph (a)) concerning the commercial interests of any person or organisation (including a public authority) and the disclosure of that information would prejudice those interests.

In response to request #4. Unfortunately, the information you have inquired about could not be located. As a result, we regret to inform you that we are unable to furnish any specific details concerning this particular section of the FOI request.

(13) FOI 103413: On 17 July 2023, the applicant requested records related to the Grand Cayman Hyatt on (1) Underground storage tank records (active and removed tanks) (2) Leaking underground storage tank records (3) Aboveground storage tank records (4) Hazardous materials storage/spills

(5) Hazardous waste generation/disposal records (6) Subsurface contamination conditions (7) Environmental Permits. On 17 August 2023, the applicant was informed that approval was granted for the installation of two underground LPG (liquefied petroleum gas) tanks, each with a capacity of 1000 USG, and the applicant was referred to the information manager at the planning dept.

(14) FOI 105313 – On 18 September 2023, the applicant requested to see CUCs submission to OfReg related to their Ev program which OfReg confirmed has now been approved. On 11 November 2023, the applicant was informed that CUC has published information about the EV charging station including how it works, costs, type of chargers, application form, terms and conditions, etc, which is located at https://mailchi.mp/cuc/cuc-electric-vehicle-charging-stations. The applicant was also informed that the records would not be released as these were records relating to commercial interests.

ANNUAL REPORT 2023

OfReg

For more information please contact:

OFREG
PO Box 10189
Grand Cayman KY1-1002
Cayman Islands

info@ofreg.ky
P: +1 (345) 946 4282
F: +1 (345) 945 8284