

CUC CORE Program

The Electricity Regulatory Authority (ERA) supports the development of renewable energy infrastructure in the Cayman Islands. Section 9(5)(i) of the *Electricity Regulatory Authority Law (2010 Revision)* states:

"The ERA shall permit and promote the use of renewable or alternative forms of energy by consumers so as to reduce the load on any T&D system"

The CUC Consumer-Owned Renewable Energy (CORE) Program was introduced to electricity customers on Grand Cayman in 2009. The CORE program allows customers on Grand Cayman 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 CUC CORE Program began in 2009, utilizing an avoided cost of fuel reimbursement formula. In February 2011, the ERA approved revisions to the CORE Program that allowed the implementation of a feed-in tariffs (FITs) structure. A FITs structure provides significant incentives to consumers who generate energy from renewable sources and also reflects current practice throughout North America and Europe for the incentivisation of consumer generated renewable energy.

The new FITs structure on Grand Cayman has been approved by the ERA on a one-year trial basis, running from February 2011 through January 2012 or until the quota of 1 MW of capacity has been filled on a first come first serve basis. At the end of the trial period, CUC will evaluate the CORE Program and may, with the written approval of the ERA, make changes to the feed-in tariffs structure.

The CORE contract agreement, including those executed during the 2011 trial basis for FITs, will be for a term of 20 years to allow the owner of the renewable energy system to receive a reasonable return on the CORE customer's capital investment. Customers approved under this tariff are guaranteed to receive at least CI\$0.37 per kWh for 20 years.

The CORE customer will be billed monthly at the normal retail rate for their total energy consumption and will be credited monthly at the FITs structure rate (CI\$0.37 per kWh) for the total output from their renewable generation system. At the end of each calendar quarter, CUC will make a payment to each CORE participant for any accumulated FITs credit balance on their account.

The maximum permitted size of the individual renewable energy systems will be the lesser of the CORE customer's peak demand for existing systems measured over a period of up to twelve months (where that information is available) or estimated peak demand for new connections, with a maximum of 20 kilowatts (kW) for residential systems and 50 kW for commercial systems. There is no difference between the residential and the commercial FIT rates; however, in order to provide opportunity for both residential and commercial systems under the trial FITs structure, commercial customers shall be initially limited to 70% of the 1 MW of capacity installed.

Applicants for the CUC CORE Program should expect to be able to start exporting energy to the grid within 30 days of completion of the application to CUC, subject to siting and system approval by the Cayman Islands Department of Planning. Consumers are responsible for making their own arrangements with suppliers/contractors for the installation and maintenance of their renewable generation equipment. The customer is also responsible for arranging inspection of the newly installed renewable generation equipment by the electrical inspector.

CUC customers interested in obtaining more information about the CUC CORE Program, including an application agreement, should consult Caribbean Utilities Company, Ltd. at (345) 949-5200 or visit its website at www.cuc-cayman.com