

Commercial Scale Renewables

Commercial scale renewables in the Cayman Islands can be classified into two separate categories:

- a) On-site generation by commercial customers to offset their energy costs
- b) Medium to large scale grid-connected renewable energy generation

On-Site Generation by Commercial Customers on Grand Cayman

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 Caribbean Utilities Company, Ltd. (CUC) Consumer-Owned Renewable Energy (CORE) Program allows customers on Grand Cayman to connect on site renewable energy generators (e.g. small scale solar or wind turbines) to the CUC distribution system. A commercial customer can offset its monthly energy bill by selling renewable generated electricity to the CUC grid at a fixed unit price.

The CUC CORE Program was introduced to electricity customers in early 2009 utilizing an avoided cost of fuel reimbursement formula; however, this billing formula proved to be ineffective in creating consumer interest in the CORE program.

In 2011, CUC and the ERA agreed to adopt a feed-in-tariffs (FITs) structure on a one-year trial basis. A FITs structure provides significant incentives to consumers who generate energy from renewable resources and also reflects current practice throughout North America and Europe for the encouragement of consumer generated renewable energy. The FITs trial period on Grand Cayman runs from February 2011 through January 2012. CUC will evaluate the FITs structure in February 2012 and may, in consultation with and with the written approval of the ERA, make changes to further encourage the uptake of residential scale renewables on Grand Cayman.

Customers approved under the CORE Program Agreement are guaranteed to receive at least CI\$0.37 per kilowatt hour (kWh) for all renewable energy fed into the grid. The 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 customer's capital investment.

The maximum permitted size of the renewable energy system will be the lesser of the 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 capacity of 50 kilowatts (kW) for commercial systems. To provide opportunity for residential customers under the one-year trial, commercial customers shall be initially limited to a maximum of 70% of the 1 MW of capacity installed on Grand Cayman.

For additional information on the CUC CORE Program, visit the [Licensing](#) page on this website.

The ERA is initiating discussions with the Ministry of DAWLA and Cayman Brac Power and Light Company Limited (CBP&L) for a consumer renewables program on Cayman Brac and Little Cayman.

Medium to Large Scale Grid-Connected Renewable Energy Generation

It is incumbent on any potential IPP to become familiar with the electricity regulatory framework in the Cayman Islands. A potential IPP should consult the *Electricity Regulatory Authority Law (2010 Revision)* as well as the Licenses for Caribbean Utilities Company, Ltd. (CUC) and Cayman Brac Power and Light Company Limited (CBP&L).

Any IPP interested in firm or non-firm generation opportunities in Cayman Brac or Little Cayman should contact the Electricity Regulatory Authority (ERA) and CBP&L.

On Grand Cayman, Condition 32 in the *CUC T&D Licence* discusses the encouragement of renewable generation. A non-firm renewables-only generation solicitation can be conducted by either the ERA or CUC, independently.

If conducted by the ERA, it will be a competitive solicitation, similar in nature to the solicitation process for firm energy (outlined in Condition 31 of the *CUC T&D Licence*). This is consistent with section 9(4)(b) of the *Electricity Regulatory Authority Law (2010 Revision)* which promotes non-discriminatory treatment by the ERA towards applicants for licenses or licensees.

If the renewables-only generation solicitation is conducted by CUC, the ERA only becomes involved in the process once a negotiated power purchase agreement (PPA) is submitted for approval to the ERA by CUC. At that point, the ERA ensures the following:

- The renewable generation secured is consistent with Government policy
- The negotiated PPA is in the best interest of consumers
- Due diligence is performed on the IPP.

If the PPA is approved, the ERA will award a generation licence to the IPP.

CUC can also consider non-firm renewable generation projects on a case-by-case basis and negotiate a PPA with an IPP. The final PPA can be submitted to the ERA for approval. If approved, a generation licence will be issued by the ERA to the IPP.

As stipulated in Section 26(2) of the *Electricity Regulatory Authority Law (2010 Revision)*, the term of a generation licence shall not exceed 25 years.

For additional IPP information, visit the [Generation Solicitations](#) section of the ERA website. To view the CBP&L and CUC Licenses, visit the [Licensing](#) section of the ERA website.