

## **Independent Power Producer (IPP)**

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.

CUC has a non-exclusive Electricity Generation Licence for Grand Cayman. The methodology for the procurement of firm and non-firm generation on Grand Cayman is listed below under the headings: *Competitive Generation Solicitation* and *Renewable Energy*.

### **Competitive Generation Solicitation**

CUC as the exclusive Transmission and Distribution (T&D) Licensee on Grand Cayman can submit a certificate of need to the ERA justifying the need for additional firm power generation capacity. If approved, Conditions 29 through 31 of the T&D Licence outline the competitive generation solicitation process. As the electricity regulator in the Cayman Islands, the ERA will oversee the competitive solicitation process, including the following steps:

- The issuance (internationally) of requests for statements of qualifications (SOQ);
- A qualified bidder evaluation;
- An issuance of requests for proposals (RFP) from qualified bidders; and
- A final bidding process

If CUC is not a successful bidder, it will negotiate a power purchase agreement (PPA) with the winner(s). The final PPA will 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 information, visit the Competitive Generation Solicitation section of the ERA website.

### **Renewable Energy**

Condition 32 in the T&D Licence discusses the encouragement of renewable generation on Grand Cayman. A renewables-only generation solicitation can be conducted by either the ERA or CUC, independently. If conducted by the ERA, a competitive solicitation process, similar to the one above, will occur. This is in accordance with Section 9(4)(b) of the *Electricity Regulatory Authority Law (2010 Revision)*. If conducted by CUC, the ERA only becomes involved in the solicitation process once a negotiated 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 approved, the ERA will award a generation licence to the IPP.

CUC can also consider 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 information, visit the Renewable Energy section of the ERA website.