



# Caribbean Utilities Company, Ltd.

---

## *Terms of Service*

---

### Demand Rates

#### EFFECTIVE DATE

The Terms of Service herein shall be effective for any applicable bills rendered on or after January 1, 2018 (the "Effective Date").

#### REVISION DATE

The Terms of Service herein were revised, following regulatory approval, with an effective date of June 1, 2018 (the "Revision Date").

#### AVAILABILITY

Electricity service from Caribbean Utilities Company, Ltd. ("CUC" or the "Company") is available to any electric customer (the "Customer") throughout the CUC service territory on the island of Grand Cayman.

#### APPLICABILITY

A rate structure consisting of a combination of monthly facilities, energy and demand charges (collectively, the "Demand Rates") will apply to certain Customers in different rate classes as follows:

- Rate PR – Demand Rates that apply to Customers in the residential (Rate R) rate class that operate Distributed Energy Resources ("DER"), as defined herein;
- Rate PC – Demand Rates that apply to Customers in the general commercial (Rate C) rate class that operate DER;
- Rate PL – Demand Rates that apply to Customers in the large commercial (Rate L) rate class that operate DER during the initial phase-in period and, thereafter, shall apply to all large commercial Customers; and
- Rate L – Demand Rates that apply to all other Customers in the large commercial (Rate L) rate class during the initial phase-in period. After the initial phase-in period, Rate L and Rate PL will be the same. At that time, all Customers on Rate L will be moved to Rate PL and Rate L will be discontinued.

#### **Caribbean Utilities Company, Ltd.**

457 North Sound Road, P.O. Box 38, Grand Cayman KY1-1101, CAYMAN ISLANDS  
Tel: (345) 949-5200, Fax: (345) 949-5203, Website: [www.cuc-cayman.com](http://www.cuc-cayman.com)



## DISTRIBUTED ENERGY RESOURCES

Distributed Energy Resources (“DER”) shall include any Customer’s on-site generation from renewable energy resources used to supply some, all or more than the Customer’s load. This includes any load that can be served by the Customer’s generation but then switched to be served by CUC in the event of an outage of the Customer’s generation. This would not apply to emergency generators or other configurations that are permanently isolated from CUC’s grid. This also excludes generation included in the Consumer Owned Renewable Energy (“CORE”) program since all of the energy from CORE is subject to a feed-in tariff and is not used to directly offset the Customer’s load.

Customer-owned DER shall be subject to capacity limitations at the Customer’s site and in total for all Customers, as set by CUC and approved by the regulator. Individual system sizes will be limited to the lesser of 250 kW<sup>2</sup> or the customer’s peak demand. The total system wide limit shall be 2,000 kW initially. These individual and system limitations will be reassessed annually and in all cases, individual applications will be reviewed for technical capacity limits on individual transformers and circuits.

## METERING

Each Customer on Rate L shall be provided a meter by CUC, at CUC’s expense, capable of measuring total energy usage in kWh<sup>1</sup> and monthly peak demand in kW<sup>2</sup> (the “Basic Demand Rate Meter”) unless requested otherwise by the Customer as follows. The Rate L Customer may request that CUC install a special meter, at Customer’s expense, capable of measuring monthly peak demand based on the time of use (the “TOU Demand Meter”).

Each Customer on Rate PR, Rate PC or Rate PL shall be provided a TOU Demand Meter by CUC, at Customer’s expense. Each TOU Demand Meter shall also measure total energy delivered to the Customer and total excess energy produced by the Customer’s DER, if any. If and to the extent that energy produced by the Customer’s DER is greater than the energy consumed by the Customer at any time during the billing month, such excess (the “Excess Energy”) shall be purchased by CUC from the Customer at the rate for Excess Energy purchases and shown as a credit amount on the Customer’s bill.

## RATES

The Demand Rates shall be billed monthly based on a facilities charge, an energy charge and two demand charges, including a monthly demand charge and an additional capacity charge. The initial Demand Rates are subject to future adjustments as set forth herein. As of the Revision Date, the Demand Rates for each rate class are as follows:

<u>Monthly Rates</u>	<u>Rate PR</u>	<u>Rate PC</u>	<u>Rate PL</u>	<u>Rate L</u>
Facilities Charge	\$5.41	\$29.88	\$156.69	\$156.69
Energy Charge per kWh	0.00339	0.00329	0.00333	0.07123
Monthly Demand Charge per kW	11.09	13.63	12.51	4.17
Additional Capacity Charge per kW	30.33	30.40	30.27	10.09

<sup>1</sup> Kilo-Watt-hours.

<sup>2</sup> Kilo-Watts.



### DETERMINATION OF MONTHLY DEMAND CHARGE

The Monthly Demand Charge shall be equal to the Monthly Demand Charge rate currently in effect times the Customer's Monthly Demand. The Customer's Monthly Demand shall be the maximum hourly demand for the current billing month during the On-Peak Period. The On-Peak Period is defined as between 11 a.m. and 9 p.m., Monday through Friday, excluding public holidays. For Customers with a Basic Demand Rate Meter, the maximum hourly demand for the current billing month shall be assumed to occur during the On-Peak Period.

### DETERMINATION OF ADDITIONAL CAPACITY CHARGE

The Additional Capacity Charge shall be equal to the Additional Capacity Charge rate currently in effect times the Customer's Additional Capacity Requirement. The Customer's Additional Capacity Requirement shall be the greatest of the Customer's Monthly Demand for the current billing month or any of the prior 24 billing months, whether such prior months' Monthly Demands are actual or derived as follows.

As of the first billing month that the Demand Rates are effective for any Customer and continuing until replaced by actual Monthly Demands, the Monthly Demand for the prior 24 billing months shall be derived as follows:

- A) For newly-constructed residences or businesses, the Monthly Demand shall be zero for those months prior to the completion of construction.
- B) For existing Customer sites, whether billed to the current Customer or a previous Customer at the same site, the Monthly Demand for the prior 24 billing months shall be:
  - 1) Derived from any meter data available to CUC for that site, or
  - 2) If no such meter data is available, the current Monthly Demand times 2.00 shall be deemed to have occurred during the billing month 24 months prior to the current billing month.

### SALE OF EXCESS ENERGY TO CUC

The Customer's energy usage shall be measured net of the output of the Customer's DER, if any. If such output is greater than the Customer's energy consumption, the energy usage may be negative, reflecting Excess Energy produced but not consumed by the Customer. For any given billing month, the total monthly energy usage will be accumulated separately from the total monthly Excess Energy. The total monthly energy usage will be billed at the energy charge rate and any other applicable rates. The total monthly Excess Energy amount will be multiplied by the lower of:

- A) The current Excess Energy Rate plus the current Fuel Charge rate plus the Fuel Duty rate or
- B) The comparable energy purchase rate in the most recent Renewable Energy Power Purchase Agreement ("RE PPA").

The result will be a credit on the Customer's bill.

As of the Revision Date, the initial Excess Energy Rate is \$0.00264 per kWh.

As of the Effective Date, the most recent RE PPA rate is \$0.1428 per kWh.



## INITIAL PHASE-IN PERIOD ADJUSTMENTS

For those large commercial Customers without DER (i.e. the Rate L class), the Demand Rates will be phased in as follows: one-third for the first year, two-thirds for the second year and 100% thereafter. Therefore, the demand charges shown above as part of the initial Demand Rates represent one-third of the amounts determined by CUC as part of its cost of service study. The energy charges shown above as part of the initial Demand Rates have been set to recover the remaining revenue requirement resulting from the reduced demand charges. One year from the Effective Date, the demand charge components of the Demand Rates will be adjusted to two-thirds of the amount determined in the cost of service study, as adjusted for any applicable annual inflation adjustments, and the energy charges will be adjusted to recover the remaining revenue requirements.

Two years from the Effective Date, the demand charge components of the Demand Rates will be adjusted to 100% of the amount determined in the cost of service study, as adjusted for any applicable annual inflation adjustments, and the energy charges will be adjusted to recover the remaining revenue requirements. In each case, the remaining revenue requirements for purposes of setting the energy charges will be based on the pro forma revenues that would have been generated by the Rate L Customers based on energy sales to such Customers for the most recent 12-month period prior to each adjustment and the electric rates in effect prior to the Effective Date, as adjusted for any applicable annual inflation adjustments.

## APPLICATION OF THE RATE CAP AND ADJUSTMENT MECHANISM

The new Demand Rates – Rate PR, Rate PC and Rate PL – and the Excess Energy Rate will be considered “Base Rates”, as defined in CUC’s Transmission and Distribution Licence, and will therefore be subject to an annual inflation adjustment on or about June 1 of each year in accordance with methodology set forth in the licence and subject to the regulator’s review and approval. The existing rates – Rate R, Rate C and Rate L – are already designated as Base Rates and will continue as such. With the implementation of the Demand Rates, Rate L will be converted to the demand charge structure shown above.

## APPLICATION OF OTHER RATES AND CHARGES

In addition the charge components of the Demand Rates as shown above, Customers on each of the Demand Rates will be subject to a Fuel Charge and a Licence and Regulatory Fee as applicable. The Customer may also be billed for other services or miscellaneous charges subject to regulatory approval.