



PRESS RELEASE

Caribbean Utilities Company, Ltd.

and

The Electricity Regulatory Authority of the Cayman Islands

February 16th, 2011

The Electricity Regulatory Authority of the Cayman Islands approves Renewables Feed-in Tariffs Programme

The Electricity Regulatory Authority of the Cayman Islands (the “ERA”) has, effective February 1, 2011, approved revisions to the Consumer Owned Renewable Energy (“CORE”) program, replacing the avoided cost of fuel reimbursement formula with a Feed-in Tariffs structure (FIT). The new structure, developed in conjunction with the ERA and recommended by the Caribbean Utilities Company, Ltd. (“CUC”) has been approved by Cabinet. FITS provides for 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 CORE programme allows customers in 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 FIT programme will run initially as a pilot programme for a year starting February 2011 and ending January 2012 or until the quota of 1 MW of capacity has been filled on a first come first serve basis. The introductory rate for the FIT programme will be CI 37 cents per kiloWatt hour (kWh) for customers generating renewable energy, which is fed into the grid. Applicants for FIT should expect to be able to start exporting energy to the grid within 30 days of completion of the application to CUC, subject to approval by the Central Planning Authority.

The CORE customer will be billed monthly at the normal retail rate (currently at CI 30 cents per kWh) for their total energy consumption and will now be credited monthly at the FIT rate (37 cents per kWh) for the total output of their renewable generation system to the grid. At the end of each calendar quarter, CUC will make a payment to each CORE participant for any accumulated FIT credit balance on their account.

The FIT contract agreements, including those executed during the one year pilot programme 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. Consumers are responsible for making their own arrangements with suppliers of renewable energy systems for their installation and inspection by the electrical inspector.

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 kiloWatts ("kW") for commercial systems. There is no difference between the residential FIT rate and the commercial FIT rate. However, in order to provide opportunity for both residential and commercial systems under the pilot FIT programme, commercial customers shall be initially limited to 70% of the 1 MW of capacity installed.

Managing Director of the ERA, Mr. Philip Thomas, says that, "the development of renewable energy systems in the Cayman Islands for electrical generation is critical to reducing our dependence on diesel fuel products, and the FIT program is consistent with ERA policies and that of the recently formed Government National Energy Policy Committee."

President and Chief Executive Officer of CUC, Mr. Richard Hew, stated that, "We are pleased to introduce the Feed In Tariffs to existing and new CORE customers who may generate energy through renewable- means while having the opportunity to interconnect with and benefit from the reliability of connection to CUC's electricity distribution system. We look forward to an increase in the amount of renewable energy available to our system as we introduce some diversification of energy sources and displace fossil fuel used and its associated emissions."

The Minister responsible for District Administration, Works, Lands & Agriculture, Ms. Juliana O'Connor-Connolly JP, said that, "the Government wholeheartedly supported the FIT- program as it dovetailed into the National Energy Policy, as a means of encouraging consumers to reduce their utility bills while doing a small but important part in becoming more environmentally conscious."

This programme provides an excellent opportunity for both CUC and its customers to participate in protecting the environment. By utilizing renewable energy instead of fossil fuels to generate electricity, CUC and its customers will be able to reduce exhaust gas emissions, reduce the use of non-renewable natural resources and contribute to the overall protection of the environment both in Grand Cayman and globally.

Customers wishing to obtain further details or to participate in the programme may sign up immediately by contacting CUC's Customer Service Department at 949-4300.

An agreement between the consumer and CUC will set out the terms under which services, connectivity, metering and billing credits will be governed.

For further information, please contact:

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