



PRESS RELEASE

Caribbean Utilities Company, Ltd.

and

The Electricity Regulatory Authority of the Cayman Islands

February 12th 2015

The Electricity Regulatory Authority of the Cayman Islands Approves Additional Capacity for Consumer-Owned Renewable Energy (CORE) Generation Programme

The Electricity Regulatory Authority of the Cayman Islands (the “ERA”) has, effective February 12, 2015, approved a revision to the Feed-in Tariffs (FITs) programme which has been in place since February 2011. The revision increases the maximum total capacity available from 2MW to 3MW.

The programme continues to provide incentives under the Consumer-Owned Renewable Energy Generation (CORE) Programme for consumers to generate energy from renewable and/or alternative sources and be compensated through stable, long-term rates.

The CORE programme allows customers in Grand Cayman to connect renewable and/or alternative 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.

A maximum aggregate of 3 megawatts (“MW”) capacity of renewable and/or alternative energy generation will be allowed to connect to the CUC Transmission & Distribution (T&D) System. The maximum aggregate for the CORE programme was previously set at 2 MW. CUC and the ERA will continue to review the parameters of the CORE programme from time to time.

Under the FIT programme, the rates paid to customers for all renewable energy generated will be CI 38.5 cents per kilowatt hour (“kWh”) for residential customers and CI 37.5 cents per kWh for commercial customers.

The CORE customer will be billed monthly at the normal retail rate (currently approximately CI 30 cents per kWh) for their total energy consumption and will be credited monthly at the FITs rate (CI 37.5 or CI 38.5 cents per kWh) for the total output of their renewable or alternative 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 twenty year FIT contract agreements will allow the owner of the renewable energy system to recover their capital investment with an assured reasonable return on their 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 remain unchanged and 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 100 kW for commercial systems.

ERA Managing Director, Mr. Charles Farrington, expressed that, "the ERA is pleased that consumers have found the FIT programme to be economic and accelerated the installation of renewable energy in recent months. The ERA looks forward to continued positive reaction from consumers and will be considering the programme further to determine if any other changes should be made in order to enhance the benefit to consumers."

Mr. Farrington also noted that the duty waiver on renewable energy equipment that has been in effect since 1 December 2008 allows a full exemption from import duty on renewable energy equipment for residential homeowners. Waivers on similar equipment imported for commercial use are also allowable subject to a case-by-case review by the ERA.

The ERA hopes that the revised FIT programme will continue to incentivize the growth and use of renewable and alternative energy and aid in diminishing the Cayman Islands' dependence on fossil fuels used for the generation of electricity and, more importantly reducing the nation's carbon footprint. For more information please visit the ERA's website at www.caymanera.ky.

President and Chief Executive Officer of CUC, Mr. Richard Hew, stated that, "We are pleased with the uptake of CORE customers who are generating energy through renewable and/or alternative energy 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 continued positive customer participation and the resultant increase in renewable and or alternative energy available to our system to displace fossil fuel and its associated emissions."

The CORE programme provides an excellent opportunity for both CUC and its customers to participate in protecting the environment and creating long-term energy security. 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 imported fossil fuels 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 contact CUC's Customer Service Department at 949-4300.

The CORE Credit Agreement between the consumer and CUC will set out the terms under which services, connectivity, metering and billing credits will be governed and can be obtained on CUC's website at <https://www.cuc-cayman.com/coreprogramme>.

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