



PRESS RELEASE

Caribbean Utilities Company, Ltd.

and

The Electricity Regulatory Authority of the Cayman Islands

March 31st 2015

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

Following an interim decision made in February 2015 to increase the CORE capacity by 1 MegaWatt (MW), the Electricity Regulatory Authority of the Cayman Islands (ERA) and Caribbean Utilities Co., Ltd. (CUC) have completed additional revisions to the Feed-in Tariffs (FITs) programme which has been in place since February 2011. The ERA and CUC have agreed to extend the period for CORE agreements to 25 years and to a further increase of 1 MW for the CORE programme. The decision increases the maximum total capacity available from 3MW to 4MW and becomes effective on April 1st 2015.

With this revision to the programme, a maximum aggregate of 4 MW capacity of renewable energy generation will be allowed to connect to the CUC Transmission & Distribution (T&D) System with a maximum of 2 MW allowed for residential customers and a maximum of 2 MW allowed for commercial customers.

The rates paid to customers for all renewable energy generated have also been revised and will be CI 32 cents per kilowatt hour ("kWh") for residential customers and CI 28 cents per kWh for commercial customers. These rates apply to new CORE contracts submitted after April 1st, 2015. The rates paid to existing CORE customers (submitted prior to April 1st, 2015) will remain unchanged.

The CORE customer will be billed monthly at the normal retail rate (currently approximately CI 28 cents per kWh) for their total energy consumption and will be credited monthly at the FITs rate (CI 32 or CI 28 cents per kWh) for the total output of their renewable energy 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 FITs programme continues to provide incentives under the Consumer-Owned Renewable Energy Generation (CORE) Programme for consumers to generate energy from renewable sources and be compensated through stable, long-term rates.

It 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 revised twenty-five year FIT contract agreements (previously twenty years) 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 with the success of the CORE program and has extended the contract period which allowed us to lower the CORE rates to match reduced equipment pricing and a longer expected useful life. This benefits all consumers. It was always anticipated that the FIT rates would come down over time, thereby providing the opportunity to lower Cayman's energy costs in the longer term. The ability to lock in the cost of energy is one of the major advantages of FIT over other systems of compensating consumers for renewable energy."

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, “There has been a significant uptake of CORE customers who are generating energy through renewable energy means while having the opportunity to interconnect with and benefit from the reliability of connection to CUC’s electricity distribution system. Currently we have 79 CORE customers generating on average 135,000 kWh per month. We anticipate that there will be continued positive customer participation and the resultant increase in renewable 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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