



PRESS RELEASE

Caribbean Utilities Company, Ltd.

and

The Electricity Regulatory Authority of the Cayman Islands

April 29, 2016

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

The Electricity Regulatory Authority (ERA) and Caribbean Utilities Company, Ltd. (CUC) have completed additional revisions to the Feed-in Tariffs (FITs) programme which has been in place since February 2011. CUC and the ERA have agreed to an additional 2 Megawatts (MW) of available CORE capacity effective May 1st 2016.

With this revision to the programme, a maximum aggregate of 6 MW capacity of renewable energy generation will be allowed to connect to the CUC Transmission & Distribution (T&D) system with a maximum of 3 MW allowed for residential customers and a maximum of 3 MW allowed for commercial customers.

The CORE programme now totalling 6 MW in capacity, in addition to the planned 5 MW solar farm in Bodden Town planned for completion by the end of 2016, will provide a total reduction of approximately 14,000 tons in greenhouse gas emissions (CO₂) per year and provide renewable energy to over 2,000 homes on average.

The rates paid to customers for all renewable energy generated have also been revised for new contracts concluded after May 1, 2016 and will be based upon the following schedule:

System Size	CORE Rate (CI cents per kWh)
0-5 kW	30
5-10 kW	28
10-20 kW	26
20-100 kW	21

The higher payments for smaller systems reflect their higher installation costs. The promotion of smaller systems will also ensure that the benefits of the CORE programme reach a wider cross-section of the consumer base and will provide opportunities for the greatest geographical distribution. These rates apply to new CORE contracts approved for allocations of capacity from the new 2 MW tranche. The rates paid to existing CORE customers (approved prior to May 1st, 2016) will remain unchanged.

The CORE customer will be billed monthly at the normal retail rate (currently approximately CI 20 cents per kWh) for their total energy consumption and will be credited monthly at the FITs rate (as per schedule above) for the total output of their renewable energy generation system. The accumulated FIT credit balance on the CORE consumer's account will be allowed to accumulate for a calendar year and may be utilized by the consumer within that period to offset actual electricity usage from the grid but no actual payments will be made to the CORE consumer under new contracts.

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 twenty-five year FIT contract agreements allow the owner of the renewable energy system to recover their capital investment with an assured 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 happy to see the success of the CORE program and hopes it will continue under the new rate structure. Whilst the ERA recognizes the benefits that the growth of CORE is providing to the health of the environment and the bottom lines of both the CORE consumers and the vendor industry, the ERA is also cognizant of its duty to keep costs as low as reasonably possible for all consumers and hence the lowered rates. Whilst the amount of energy produced by CORE consumers is relatively minor, consistent downward pressure on the FIT rates must be maintained if Grand Cayman is to realize the maximum benefit from the expansion of this form of renewable energy. Further, the ERA is of the view that in order to ensure that as many consumers as possible get the opportunity to offset some of their cost of electricity, it was time to stop encouraging the over-sizing of systems by way of the actual payment of credit balances."

Mr. Farrington also noted that the duty waiver on renewable energy equipment that has been in effect since December 1st, 2008 and allows a full exemption from import duty on renewable energy equipment for residential homeowners continues in effect. Waivers on similar equipment imported for commercial use are also allowable subject to a case-by-case review by the ERA. Further, the Government has recently approved the addition of solar water heaters to the list of renewable energy equipment for the duty waiver.

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

President and Chief Executive Officer of CUC, Mr. Richard Hew, stated that, "The CORE programme has proven popular with both residential and commercial customers. CUC is pleased that the programme will now be extended to a wider cross section of our customer base. Our Company remains committed to promoting and developing renewable energy as a source of electricity generation and we believe that programmes such as CORE demonstrate that commitment."

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. CORE Connection applications must be accompanied by a CI\$250 fee. This fee covers the cost of reviewing the application and site inspections as well as the administration of setting up the account. This fee is non-refundable. The CORE customer will also be billed a second Facilities Charge at CUC's normal rates to cover the ongoing costs associated with the second service.

The CORE Credit & Interconnection 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>.

For more information please also visit the ERA's website at www.caymanera.ky.

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