



PRESS RELEASE

Updated at May 5th 2017

Caribbean Utilities Company, Ltd. (“CUC”)

And

The Utility Regulation and Competition Office (“OfReg”)

CUC and OfReg Announce New Capacity for Consumer Owned Renewable Energy (CORE) Programme and Introduce Demand Rates

The Utility Regulation and Competition Office (“OfReg”) approves another 2 megawatts (“MW”) of capacity to be allocated by Caribbean Utilities Company, Ltd (“CUC”) to the Consumer Owned Renewable Energy (CORE) programme. The CORE programme’s previous limit of 6 MW was reached in March.

The extension of the programme will be limited to smaller systems of capacity with one rate for system sizes up to 5 kilowatts (kW) and another rate for system sizes over 5 kW and up to 10 kW. As before, the size of any individual consumer system is restricted to the normal kW peak load of the consumer. The rate to be paid by CUC for all electricity produced by the CORE systems is CI\$0.30 per kWh for the smaller systems of up to 5 kW and CI\$0.26 per kWh for the larger systems.

It has been agreed that customers will have access to only 1 MW at this time, the second megawatt will be released before the first is filled, but possibly at revised feed-in tariff rates.

Mr. Louis Boucher, Acting Executive Director - Energy & Utilities' says, "The design of the programme is intended to continue growing the CORE programme's participation by paying fair rates to participants while ensuring that the rates paid and the aggregate capacity limits do not materially increase costs to non-CORE customers. With that in mind OfReg and CUC will review the programme at the earlier of six months or when the take-up has reached 750 kW of the first 1 MW tranche of capacity."

This CORE programme takes into consideration the long term goals of the recently passed National Energy Policy, the soon- to- be- completed Integrated Resource Plan ("IRP") study and the Demand Rates initiative.

In an effort to further support the emerging renewable energy market and to reinforce the Government's commitment to the Policy, OfReg has approved 1 MW of capacity to be allocated to the public sector which will include the central government departments, statutory authorities and government owned companies. These entities will be offered the existing rate of CI\$0.21 per kWh for capacities of 20+ to 100 kW, subject to the usual peak demand limit.

OfReg anticipates that this initiative will stimulate the expansion of the renewable energy industry in Cayman in accordance with the National Energy Policy.

The rates paid to customers for all renewable energy generated for new contracts concluded after May 5th, 2017 will be based upon the following schedule:

System Size	CORE Rate (CI cents per kWh)	New Capacity Quota
0-5 kW	30	1 MW with an additional 1 MW
5-10 kW	26	
20+-100Kw (CIG Only)	21	1 MW
Existing CORE systems	Varies	6MW
Total		9MW

The Feed In Tariffs (“FIT”) programme continues to provide incentives under the CORE programme for consumers to generate energy from renewable sources and be compensated through stable, long-term rates.

It allows customers 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.

President and Chief Executive Officer of CUC, Mr. Richard Hew, says, “The CORE programme has proven popular with both residential and commercial customers. We anticipate that this newly designed 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 diminish the nation’s carbon footprint. 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.”

OfReg has also now approved CUC’s request to introduce Demand Rates. These are standard rate structures for Large Commercial customers and is similar to what is available in most other markets. Demand rate structures allow the customer’s billing to be itemized into fixed (demand) and variable (energy) based costs. Fixed costs are largely driven by peak demand and demand rates will give consumers the ability to reduce their overall electricity bill by managing their peak demand. The demand component will be a proportionately larger part of the bill if the customer’s power demands are high and over a short period of time, and a smaller part of the bill if the customer uses power at a more or less constant rate throughout the month. Demand rates will be introduced to the 125 large commercial customers and will be offered as an optional rate outside of the FIT programme for customers who wish to have renewable energy systems on their premises. Demand Rates will be introduced by December 2017, following the roll out of an OfReg approved customer awareness plan.

CUC's Interim Infusion Study indicated that the electricity grid could accommodate up to 17 MW of renewable energy without reliability or efficiency impacts. With the previous 6 MW fully allocated to CORE, this 2 MW offering for small CORE systems, the 1 MW for public buildings, and the 5 MW Entropy Solar Farm, 3 MW remains to be allocated to CORE under demand rates or other CORE rates as determined by OfReg and CUC in the future. The anticipated June completion of the Integrated Resource Plan commissioned by CUC will outline means by which even greater levels of renewables may be connected without significantly increasing costs or reducing reliability to consumers and in keeping with the objectives of the National Energy Policy.

Customers wishing to obtain further details or to participate in the CORE programme may contact CUC's Customer Service Department at 949-4300.

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 OfReg website at www.ofreg.ky

For further information, please contact:

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