



PRESS RELEASE

December 22nd 2017

Caribbean Utilities Company, Ltd. (“CUC”)

CUC Announces New Demand Rates

The Utility Regulation and Competition Office (“OfReg”) has approved new Demand Rates for Caribbean Utilities Company, Ltd.’s (“CUC”) large commercial customers and customers with Distributed Energy Resources (“DER”).

Distributed Energy Resources (“DER”) shall include any customer’s on-site generation from renewable energy resources used to supply some, all or more than the customer’s load. This includes any load that can be served by the customer’s generation but then switched to be served by CUC in the event of an outage of the customer’s generation. This would not apply to emergency generators or other configurations that are permanently isolated from CUC’s grid. This also excludes generation included in the Consumer Owned Renewable Energy (“CORE”) programme since all of the energy from CORE is subject to a feed-in tariff and is not used to directly offset the customer’s load.

In May 2017, OfReg approved an additional 2 megawatts (MW) of CORE capacity, or a total of 8 MW of available CORE capacity, with 1 MW immediately accessible to customers and the remaining 1 MW subject to a six-month review by CUC and OfReg. Following the recently concluded review, CUC and OfReg have agreed that there will be no changes to the CORE programme at this time. The CORE programme will continue to be reviewed on an annual basis.

This decision 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.

As a result of the introduction of demand rates, CUC’s Billing Rate Schedule has been updated as follows:

Effective Date:	<u>To December 31, 2017</u>	<u>From January 1, 2018</u>
<u>Residential with DER: Rate RD</u>		
Monthly Facilities Charge	\$5.31 per customer account	\$5.31 per customer account
Plus:		
All kWh per month	\$0.1058 per kWh	\$0.00333 per kWh
Monthly Billing Demand	N/A	\$8.63
Additional Capacity Charge	N/A	\$14.56
<u>General Commercial with DER: Rate CD</u>		
Monthly Facilities Charge	\$29.35 per customer account	\$29.35 per customer account
Plus:		
All kWh per month	\$0.1183 per kWh	\$0.00323per kWh
Monthly Billing Demand	N/A	\$10.60
Additional Capacity Charge	N/A	\$14.59
<u>Large Commercial with DER: Rate LD</u>		
Monthly Facilities Charge	\$153.92 per customer account	\$153.92 per customer account
Plus:		
First 30,000 kWh per month	\$0.1183 per kWh	N/A
Over 30,000 kWh per month	\$0.0977 per kWh	N/A
All kWh per month	N/A	\$0.00327 per kWh

Monthly Billing Demand	N/A	\$10.60
Additional Capacity Charge	N/A	\$14.53
<u>Large Commercial without DER: Rate L</u>		
Monthly Facilities Charge	\$153.92 per customer account	\$153.92 per customer account
Plus:		
First 30,000 kWh per month	\$0.1183 per kWh	N/A
Over 30,000 kWh per month	\$0.0977 per kWh	N/A
All kWh per month	N/A	\$0.06997 per kWh
Monthly Billing Demand	N/A	\$3.25
Additional Capacity Charge	N/A	\$4.84

All other CUC rates remain the same.

The 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 CORE programme for customers who wish to have renewable energy systems on their premises.

Individual DER system sizes will be limited to the lesser of 250 kiloWatts (kW) or the customer’s peak demand. The total system wide DER limit shall be 2,000 kW initially. These individual and system limitations will be reassessed annually and in all cases, individual applications will be reviewed for technical capacity limits on individual transformers and circuits.

The Customer's energy usage shall be measured net of the output of the customer's DER, if any. If such output is greater than the customer's energy consumption, the energy usage may be negative, reflecting Excess Energy produced but not consumed by the customer. For any given billing month, the total monthly energy usage will be accumulated separately from the total monthly Excess Energy. The total monthly energy usage will be billed at the energy charge rate and any other applicable rates. The total monthly Excess Energy amount will be multiplied by the lower of:

- A) The current Excess Energy Rate plus the current Fuel Charge rate plus the Fuel Duty rate
or
- B) The comparable energy purchase rate in the most recent Renewable Energy Power Purchase Agreement ("RE PPA").

The result will be a credit on the customer's bill.

The initial Excess Energy Rate will be set at \$0.00259 per kWh. The most recent RE PPA rate is \$0.1428 per kWh.

President and CEO of CUC, Mr. Richard Hew says, "It is important for customers to understand that that this is not a rate increase and that this new rate structure is revenue neutral for CUC. What CUC is working towards is to ensure that the rate structure reflects CUC's cost to serve our overall customer base and is equitable on a cost basis between customer classes. Based on the studies which have been done over the years on demand rates, it is fair to say that with the introduction of demand rates, there are potential savings for our large customers."

The new Demand Rates will be introduced in January 2018 and follow the rollout of an OfReg approved customer awareness plan in which CUC's large customers were invited to lunch and learn information sessions.

For further information, please contact:

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