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PRESS RELEASE – FOR IMMEDIATE RELEASE—REGULATORY AUTHORITY

BELCO AND ELECTRICITY SECTOR UPDATE

BELCO’s activities now licensed and regulated under the Electricity Act 2016

The Regulatory Authority (the ‘Authority’) announces that, following necessary amendments to the Electricity Act receiving Royal Assent on October 27, 2017, BELCO and the Government’s Tyne’s Bay power generation facility have been issued with electricity sector licenses.

The Authority was given oversight of the electricity sector in October 2016 and the Electricity Act mandated that companies such as BELCO would have to be issued with licenses which specify the basis upon which they will be regulated, including assessments of proposed retail tariffs.

Types of license and next steps

There are three types of license – covering renewable and non-renewable bulk power generation as well as transmission, distribution and retail (TD&R). BELCO has been issued a license for bulk generation and is the only TD&R licensee (as per the Electricity Act requirements).

A spokesperson for the Authority said: “BELCO’s licenses have now been issued which will allow the Authority to start regulating the company, this includes the assessment of, and decision on, the level of retail prices.

“One of the Authority’s most important roles is to look after the best interests of the consumer. With the licensing of BELCO, we are now able to investigate and regulate prices as necessary.

“We will also be able to assess and decide the feed-in tariff between BELCO’s generation activities and its transmission activities (provided via the TD&R license).

“This will be highly relevant to the future level of retail prices, as BELCO may be one of various competing generators selling electricity to the transmission grid.”

The spokesperson said other license applications from companies wanting to enter the electricity market had also been received and were in the process of being evaluated.

BELCO’s generating plant and the Authority’s Report

The spokesperson added: “It is important to note that what BELCO decides to do with regards to replacing its ageing turbines is a business decision for BELCO. Ultimately, BELCO has to be competitive, and prove it can be competitive, in the supply of electricity to the transmission grid, this being consistent with the regulatory and licensing framework.”

The RA has released a report, from June, called ‘*Generation Asset Lifestyle Review*’, which was commissioned to provide the Authority with an independent review and understanding of:

- The current condition of BELCO’s existing generation assets to help inform the RA during the period of formulating, and consulting on, the license regime for electricity, and

- Identifying the potential generating capacity that could be provided by alternative generating companies.

The review found that “new generation capacity is required as a matter of urgency to replace the BELCO generating units that are planned for retirement in the next two to three years”.

The review noted that BELCO’s maintenance of the generation units was generally well-managed and that “regular services and overhauls are conducted on the units in accordance with the manufacturers’ recommendations”.

“The review finds that there is limited scope to extend the life of units that are planned for retirement, but additional investment would be required to address existing issues.”

The spokesperson added: “Now that BELCO is licensed as a bulk generator, the Authority expects the company to address the significant issues that relate to its existing generating plan.”

The Authority expects to provide further updates on electricity regulation shortly.

ENDS

For more information, contact the Regulatory Authority on 405-6000 or email press@rab.bm