

## Ministerial Statement

Delivered by the Hon. Dwight Sutherland

### **Minister of Small Business, Entrepreneurship and Commerce on Feed-in-Tariffs and Auctions for Renewable Energy Technologies**

Mr. Speaker, since the start of our term of Government, we have spoken repeatedly and extensively on the need for a new approach to meeting our energy needs. We have made this an absolute priority because of the twin evils of high fuel prices and environmental challenges associated with fossil fuels that confront us.

The steps we are taking to transform the way we obtain and generate energy, particularly for the purpose of meeting the country's electricity needs are clearly spelt out in the Barbados National Energy Policy 2019-2030.

When all is said and done though, Mr. Speaker, our primary goal is to generate all — 100 per cent — of our energy needs from renewable sources, and to become a carbon-neutral island over the next decade.

The electricity that powers our homes, our business, our leisure, our cultural and sports activities, that light our streets at night, Mr. Speaker, must come from a national grid that is energised by the sun, the wind and other renewable sources.

By committing to this approach and putting the necessary mechanisms in place to achieve this, we will send a strong message to potential investors and the rest of the world that we are serious — that we mean business.

But we are not going to achieve the Government's policy of 100% fossil-fuel-free generation of energy and carbon neutrality by 2030 if we are too timid to take bold steps or if we are unprepared to back ourselves and our local investors.

Investment in the sector has been stagnant for years with the stated reason being the uncertain pricing policy and thus the inability of investors to have a bankable project. The Fair Trading Commission (FTC), recently issued its Decision on Feed-in-Tariffs (FITs) for Renewable Energy (RE) Technologies up to and including 1 Megawatt (MW) on September 24, 2019.

This Decision was the culmination of consultation between the FTC, the Ministry of Energy and Water Resources, the Barbados Light & Power Company Limited (BL&P) and various stakeholders, with a view to promoting RE and providing a level of assurance to investors and Independent Power Producers (IPPs) with regard to return on investment in RE projects. The process also involved a public consultation on FITs for the sector.

The FIT programme's capacity, which was determined by the Ministry of Energy in consultation with the FTC and the BL&P, is 32.7 megawatts. This capacity limit was set in accordance with Section 14 of the Electric Light & Power Act, 2013-21, which states that the Minister may, after consultation, prescribe the minimum and maximum amounts of electricity to be permitted by the public utility to be supplied to the public grid.

Under the FIT programme, capacity is allocated on a first-come, first-served basis and submission of a complete licence application secures a spot in the queue of eligible projects. The FIT rates, which took effect from October 1, 2019, will remain in effect until

the total capacity is exhausted or until December 31, 2021, whichever comes first. The FITs will be reviewed three months before this threshold is reached.

Each time a review is conducted and new rates are established, these new rates will only apply to new entrants into the FIT programme. Whenever an entrant signs a contract with a particular rate, that will be the rate for their system for a 20-year period. Customers of the Renewable Energy Rider (RER) programme, the predecessor of the FIT, will retain their existing rate for 20 years, with their systems' original commission date used as the start date. The RER rates are 41.6 cents for solar and 31.5 cents for wind.

As with the RER, under the FIT programme, persons who apply for a licence will have their system connected to the BL&P's public grid. The BL&P will purchase 100% of the RE generated by systems larger than 3 kilowatts and the owners of these systems will buy electricity from the BL&P, in what is called a *buy all/sell all* arrangement. For systems 3 kilowatts or less a *sale of excess* billing arrangement will apply. Under the Government of Barbados' licensing regime, residential systems smaller than 5 kilowatts and commercial systems smaller than 25 kilowatts do not require a licence.

The FIT programme makes provision for RE systems in four categories – solar, land-based wind, anaerobic digestion – also called biogas - and solid biomass. These categories are subdivided into nine subcategories, based on the size of the RE system and the corresponding rates. There are five tariff categories for solar, two for wind, one for biogas and one for biomass. For example, a solar system up to 10 kilowatts in size will earn 42.75 cents per kilowatt hour, while a solar system between 10 kilowatts and 100 kilowatts will earn 44.75 cents per kilowatt hour; a wind system above 10 kilowatts in size and up to 1 megawatt will earn 38.25 cents per kilowatt per hour; while a solid biomass system up to

1 megawatt will earn 52.25 cents per kilowatt hour. These rates were determined using a multi-criteria approach which considered economic, environmental and social factors.

Provision has also been made for Community-Shared RE projects. Fifteen residential customers or more can join together to create their own RE project, with no one entity allowed to own more than 50% of the project. This option is for persons who may not have the rooftop space, ground space or financing necessary for an individual RE project.

The Government recognizes the potential for RE development to facilitate job creation and diversify participation within the energy sector. Furthermore, the holistic benefits of RE deployment, namely creating a cleaner environment, promoting sustainable energy practices, and improving energy security and independence, will redound to the benefit of all sectors, industries and individuals.

The Government has therefore taken the position that to inject further certainty into the market the Fair Trading Commission will use the Feed-in- Tariff methodology to determine rates and procurement methodology for RE systems between 1 megawatt and 5 megawatts. These rates will be published and be made available to the public on or before 1<sup>st</sup> December, 2019. For RE Systems above 5MW, the FTC will use the procurement Auctions methodology, through a competitive bidding process. This process is expected to take six (6) months from notice of intent to the issuing of a licence. The licence for Renewable Energy Systems above 5MW will be issued by the Ministry of Energy and Water Resources as early as June 2020.

However, as was done with the FIT, any rates for the sector will seek to provide the public of Barbados with tariffs that are reasonable and justifiable and which offer an opportunity

to earn a reasonable return to the investor and ensure Barbadian consumers the most reasonable cost of electricity.