



Retail Tariff Review 2022 – Retail Tariffs

Decision & Order

Order # 20220324

Date: 24 March 2022

TABLE OF CONTENTS

I.	BACKGROUND	3
II.	ORDER	4

I. BACKGROUND

Section 35 of the Electricity Act 2016 (**EA**) requires the Regulatory Authority of Bermuda (**RA**) to determine the Retail Tariff in accordance with the methodology which was set by the RA in the Regulatory Authority (Retail Tariff Methodology) General Determination dated 19th October 2018 (**Methodology GD**) and the principles set out in part 6 of the EA; and allows the Transmission, Distribution & Retail (**TD&R**) Licensee to recover reasonable costs.

In particular, sections 35(5) and 35(6) provide that:

“A licensee may not charge an end-user any other tariff or make use of provisions in agreements other than that determined or approved by the Authority pursuant to this Act and the regulations and rules; and no licensee shall vary the tariff or any published schedule of prices or charges for electricity unless notice in writing of the intention to vary the tariff, and the amount of the variation, has been approved by the Authority.”

In September 2021, the RA received an initial application from the Bermuda Electric Light Company Limited (**BELCO**) for a review and amendment of retail tariffs for 2022 and 2023.

Through Order #20220318, the RA set BELCO’s Allowed Revenue for the twelve (12) month period, 1st January 2022 to 31st December 2022, as:

- a) a maximum of BMD 224,055,622;
- b) at a weighted average rate of return of approximately 7.17%.

The approved tariff design:

- retains the current ratios between the different rates within the tariff (such as facility charges, volumetric charges, and demand charges), which will limit the range of impacts on customers with different consumption levels;
- allows for the transparent reflection of all fuel costs in the Fuel Adjustment Rate; and
- further encourages energy efficiency across all customer groups.

Based on information provided by BELCO, new Retail Tariffs are expected to yield a weighted average increase in base rates (across all customer groups) of 7.3%. Residential customers can expect 7.7% increase in their retail tariffs on average, while commercial customers can expect 7.9% increase on average, and demand customers 6.3% increase on average.

The FAR may subsequently be adjusted during the 2022 period, as a result of changes in BELCO’s fuel costs.

II. ORDER

1. Pursuant to section 35 of the Electricity Act 2016, the RA hereby approves the Facilities Charge and Energy Charges components of the Retail Tariffs for 2022 as represented in the table below.
2. Further, this Order #20220324 requires the Bermuda Electric Light Company Limited, in its capacity as the Transmission, Distribution, and Retail Licensee, to implement the approved Retail Tariffs for meters read commencing 1 April 2022.

So ordered this 24 March 2022.

A handwritten signature in blue ink, appearing to read 'M Wells', with a large, sweeping flourish that loops back under the name.

Michael Wells

Chairman

RATE COMPARISON OF EXISTING AND NEW TARIFFS EFFECTIVE 1 APRIL 2022
COMPARISONS AT A GLANCE

			2022 Approved Rates			
	Unit	Existing	Approved Rates	Difference Relative to Existing		
				Difference \$	Difference %	
Schedule A - Residential						
<u>Median Facilities Charge -Residential</u>		\$	\$	\$		
		39.29	44.00	4.71	12.0%	
GFC Tier 1	0-10 kWh per day	\$/month	\$ 19.04	\$ 21.33	\$ 2.28	12.0%
GFC Tier 2	10-15 kWh per day	\$/month	\$ 28.57	\$ 32.00	\$ 3.43	12.0%
GFC Tier 3	15-25 kWh per day	\$/month	\$ 38.05	\$ 42.61	\$ 4.56	12.0%
GFC Tier 4	25-50 kWh per day	\$/month	\$ 59.53	\$ 66.66	\$ 7.14	12.0%
GFC Tier 5	50+ kWh per day	\$/month	\$ 90.48	\$ 101.33	\$ 10.85	12.0%
<u>Energy Charges</u>						
0-250 kWh	First Block	\$/kWh	\$ 0.1253	\$ 0.1333	\$ 0.00795	6.3%
251-700 kWh	Second Block	\$/kWh	\$ 0.2124	\$ 0.2259	\$ 0.01347	6.3%
700+ kWh	Tail Block	\$/kWh	\$ 0.3138	\$ 0.3337	\$ 0.01990	6.3%
Schedule B - Small Commercial						
<u>Facilities Charge - Small Commercial</u>		\$	\$	\$		
		40.27	45.32	5.05	12.5%	
<u>Energy Charges</u>						
0-1000 kWh	First Block	\$/kWh	\$ 0.2215	\$ 0.2382	\$ 0.0167	7.5%
1001-5000 kWh	Second Block	\$/kWh	\$ 0.2556	\$ 0.2749	\$ 0.0193	7.6%
5001+kWh	Tail Block	\$/kWh	\$ 0.3086	\$ 0.3319	\$ 0.0233	7.6%
Schedule C - Demand Service						
<u>Facilities Charge - Demand Service</u>		\$/month	\$ 99.48	\$ 111.99	\$ 12.51	12.6%
<u>Demand Charges</u>						
A) 1st 50 kW		\$/kW	\$ 11.86	\$ 13.13	\$ 1.27	10.8%
remaining kW - A		\$/kW	\$ 11.86	\$ 13.13	\$ 1.27	10.8%
B) 1st 50 kW		\$/kW	\$ 11.95	\$ 13.43	\$ 1.48	12.4%
remaining kW - B		\$/kW	\$ 11.95	\$ 13.43	\$ 1.48	12.4%
C) 1st 50 kW		\$/kW	\$ 12.05	\$ 13.54	\$ 1.49	12.4%
remaining kW - C		\$/kW	\$ 12.05	\$ 13.54	\$ 1.49	12.4%
<u>Energy Charges</u>		\$/kWh				
1st 200 x Demand		\$/kWh	\$ 0.2644	\$ 0.2792	\$ 0.01477	5.6%
2nd 200 x Demand		\$/kWh	\$ 0.1335	\$ 0.1410	\$ 0.00745	5.6%
remaining kW - energy		\$/kWh	\$ 0.0510	\$ 0.0538	\$ 0.00285	5.6%
Schedule D - Miscellaneous Commercial						
<u>Energy Charges</u>						
Street Lighting		\$/kWh	\$ 0.1720	\$ 0.1856	\$ 0.01354	7.9%
Codes 4308, 4408		\$/kWh	\$ 0.1956	\$ 0.2110	\$ 0.01540	7.9%
Code 4309		\$/kWh	\$ 0.2261	\$ 0.2439	\$ 0.01780	7.9%
Code 4417		\$/kWh	\$ 0.2417	\$ 0.2607	\$ 0.01903	7.9%
TD&R RAF		\$/kWh	\$ 0.00635	\$ 0.00635	\$ -	0.0%
FAR ³		\$/kWh	\$ 0.15572	\$ 0.18900	\$ 0.03328	21.4%