

TO: Nigel Burgess  
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Regulatory Authority  
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Dear Mr. Burgess,

Bermuda has set itself a rather unambitious task of generating 20% of its energy from renewables. Consistent with that goal, families have been encouraged over the last few years to invest in P.V. systems which required a significant upfront investment.

In May 2016 we completed a large financial investment in a ground mounted solar array. We chose to mount the panels on the ground so that they would be less visible to neighbours and less of a contrast to the Bermuda roof line and we visited all of the neighbours in our area to seek their approval for our plans. Our decision to invest as we did was based on several criteria.

- 1) The very high cost of electricity provided by a monopoly supplier where the rate of return is guaranteed and there is no incentive to run the company in a sound manner (coupled with ownership by people of political influence). There is no accountability to the public for securing poor price deals for the oil and for locking consumers into those prices for a long time. We find it hard to find any country where prices are as high or higher than Bermuda, even in island nations where remote islands are supplied via undersea cables.
- 2) A desire to improve our carbon footprint. By investing in the BELCO scheme we are helping Bermuda, albeit modestly, towards that goal by producing an average of 1 megawatt a month, the equivalent of running a TV for 10 years over the past 12 months.
- 3) We thought about moving off- grid completely but since we sometimes go abroad, we felt that it would be more

environmentally friendly to export power back to BELCO, particularly when peak production times coincide with peak usage. Improved battery storage solutions may encourage us to review this option.

We understand that BELCO has encouraged enough early adopters to make the investment in solar and therefore it is time to "freeze" (not cancel) the scheme. They agreed to grandfather installations prior to September 2016 and move to an avoided cost methodology for new schemes. This is reasonable and we back this decision. There was still time to stop new schemes and determine the cost effectiveness based on the new terms. It is however too late to undo the investment for us. There seems to be an argument that P.V. suppliers are benefiting from the use of Bermuda's grid to export power. Whilst this is true BELCO has not been asked to pay any cost for the installation of our power generation which had the added benefit of employing Bermudians and encouraging Bermudian talent to stay in Bermuda. Additionally, heavier users of over 750 kWh per month are subsidising smaller consumers with substantially higher kWh prices (an entry price of just under 16 cents per kWh compared with 34 cents per kWh). The sliding scale of land tax charges which is heavily weighted against houses with higher ARVS, with subsidies towards seniors, also protects lower income families. This is good social policy but must not be forgotten when using the argument that lower income families are supporting what may or may not be higher income families who have elected to invest in environmentally friendly technology. Perhaps the question should be why BELCO is charging so much for its power (particularly compared with the Cayman Islands which also uses diesel for generation).

The population of Bermuda has been in decline but there was a time when there was concern that BELCO would not be able to

produce enough power to supply all its residents. To be optimistic about Bermuda, one must hope that the population will rise again to help generate enough taxes to pay down Bermuda's per capita debt of USD 49,000. This is unlikely to happen if investors at all levels have no trust that Bermuda and its agencies and officers intend to operate with fairness and integrity in matters of innovation. These I believe are the principles of the RAB.

I understand that since the responsibility for regulation had been passed over to the RAB, new installers had been left in limbo and receiving nothing for the power they export to BELCO. It is unfair that they should receive nothing and I support the proposal made by BELCO based on avoided cost. The decision to invest was made after the 2016 directive and therefore these are the terms which would reasonably be expected. However, it is clearly unfair AND UNREASONABLE for the RAB to change the terms of a contract between BELCO and early adopter PV installers retroactively and unilaterally so that these people receive a far worse deal than that proposed to them by BELCO.

Bermuda's economy has struggled to find long-term investors. A precedent such as this whereby terms of an agreement are retroactively, unilaterally and arbitrarily revoked will not help in the quest for new investors in Bermuda.

Sincerely,  
Benedicte and Allan Cockell  
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