

Response to **The National Electricity Sector Policy**

21 May, 2021

I apologize for the brevity of this response written under time constraint. I would be happy to explain any of these positions below further. Much has been said about the policy and direction of the energy sector. I would like to just add some additional points that I do not think have been made.

Understanding that Bermuda will always require some generation capacity that comes from some form of fuel combustion. The question is how much combustion based versus sustainable solar/wind?

Bermuda needs to move away from fossil fuel generation to the extent technically feasible and as soon as possible. Our dependence on fossil fuels exacerbates our balance of payments and places us in a long-term perilous position in terms of fuel pricing. Bermuda is a sunny place, and we need to encourage increased solar penetration. It is not the Bermuda public's role to guarantee the long-term profitability of a company that faces a declining market. These arguments harkens back to the deregulation of the telecoms market. Once the telecom market was open competition expanded and access and prices declined. Yes, Bermuda have guaranteed BELCO a return on investment for their capital expenditures to date for their amortization period. We should however be looking to a future date when that current generation equipment is written off. We should not be adding more infrastructure to BELCO via a move to LNG.

In a perfect world LNG might be preferable in the immediate term. Unfortunately, the cost of the infrastructure when passed on to the consumers will not only extend our dependence on fossil fuels and it will raise our electricity rates further. It is also very likely that safety concerns will never be able to be successfully mitigated to allow for the construction of a LNG terminal and regassification plant.

Several items appear to come to my attention in **The National Electricity Sector Policy** document that seem incongruous.

First is that the document insinuates that the rising cost of electricity in Bermuda is due to a large part due to the increase in residential solar penetration. This I believe is not defensible due to the small 3-4% effective penetration of residential solar in Bermuda.

The other thing that is emphasized in the document is that energy rates must be 'equitable' and it is insinuated that residential solar puts an unfair burden on those who can least afford the charges. I would argue that the inequity is not caused by residential solar and that in fact, residential solar is the solution to those who have trouble paying their electric bills. Any remaining structural issues can then be addressed by subsidizing the population that struggles to pay for electricity.

Means must be found to extend the benefits of solar to those who can not afford the capital outlays.

A valid and major concern is supporting the grid. That is true. Unfortunately, the grid is possibly being cross subsidized and the commercial rate payers are also not paying their fair share of the facilities charges. By allowing cross subsidization we can not see what the true costs are of

supporting the grid. The grid should be split off into a separate company (possibly a CoOp) so that the grid is paid for separately and cost effectively in a manner that lets independent producers feed into the grid. Possibly the facilities charge would go up even after the facilities charges were apportioned properly between commercial and residential customers. If so, then the rates should also fall by an equivalent amount. It may though also place an increasing burden on those unable to afford any increase in the base fee. Those customers should be subsidized, and I would argue that the cost of the subsidization would still be less than the long-term burden for our commitment to fossil fuels or building new infrastructure (LNG).

Community solar is a good idea, but in addition homeowners with excess power generation from solar should be able to supply their neighbours. That is not permitted now. This would possibly alleviate some of the inequities between owners and renters – those with and those without solar panels. It would allow neighbours to collaborate and share costs and enjoy benefits. So community solar should be encouraged just between neighbours as well.