

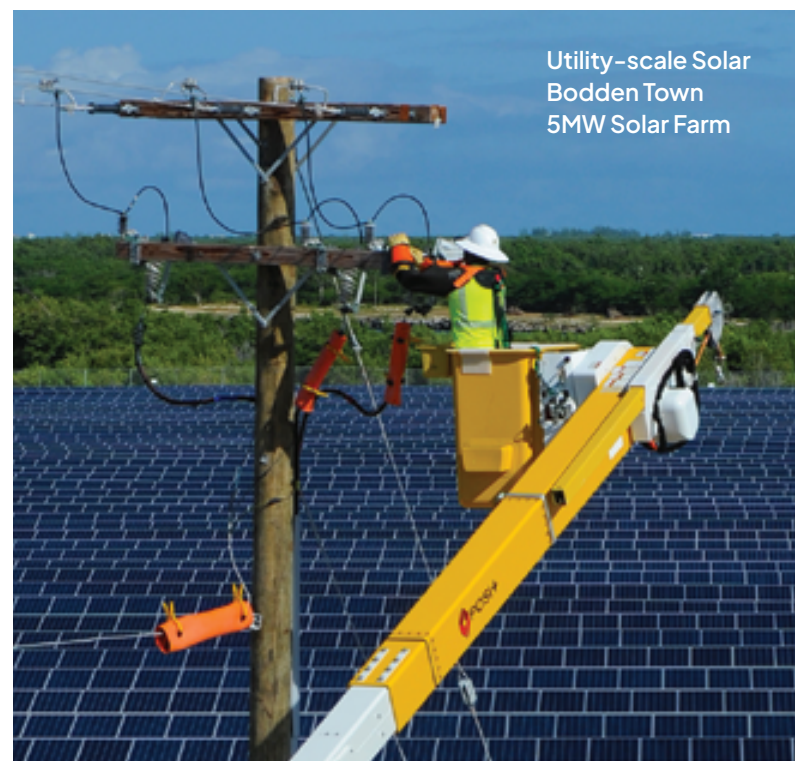
Statement from
Caribbean Utilities Company, Ltd. (CUC)

Misinformation Surrounding Renewable Energy in the Cayman Islands ●●●

In recent weeks, there have been several articles published by various reputable media outlets, that have sparked discussions surrounding the future of renewable energy in the Cayman Islands. These articles have brought forward varied viewpoints and raised questions about the most effective strategies for advancing renewable energy initiatives in our community.

CUC wishes to address any misconceptions, provide accurate information regarding our commitment to sustainability and transparency and explicitly provide our position on what our commitments to the Grand Cayman community are.

We believe it is crucial to address any misinformation and ensure that the Cayman Islands public are well-informed about our efforts and initiatives in promoting sustainable energy solutions.



The Environmental Management
System at the North Sound
Road Power Plant is registered
to ISO 14001

INVESTORS IN PEOPLE™
We invest in people Gold

I Am
Here

We are dedicated to reducing costs for customers

We would like to explicitly state that **CUC is fully committed to delivering affordable energy solutions that benefit all of our valued customers** by creating substantial reductions in fuel factor costs.

Our investment in 20 megawatts (MW) of battery storage will be a facilitator of more renewable energy on the grid, and it is estimated that it will save our customers roughly **US\$5 million dollars per annum** with the fuel efficiency benefits that this project brings to our generation facilities. We anticipate that our customers will begin to reap the benefits of this project towards the end of this year.

We also recognise that utility-scale solar energy will significantly lower the fuel charge for customers. Our projections indicate that utility-scale solar energy can be delivered at a cost of 10¢ per kilowatt-hour (kWh) or less, representing a substantial reduction compared to the current average cost of 19¢ per kWh with diesel generation. Therefore, CUC has been eagerly awaiting the release of the competitive bid for utility scale solar since The Utility Regulation and Competition Office (OfReg) began planning for a Renewable Energy bidding process in 2019. Unfortunately, our Company cannot implement these reductions in fuel factor costs until utility-scale solar is implemented, whether by us or another provider. Should CUC win a bidding opportunity, our primary goal is to reduce the fuel factor cost for customers and subsequently, their monthly bill payments. **With utility-scale solar, fuel factor costs can be reduced by as much as 50%.**

We fully support rooftop solar

Regarding claims that CUC is not supportive of rooftop solar, we wish to clarify that nothing could be further from the truth. **CUC has been instrumental in facilitating the growth of the rooftop solar industry in Grand Cayman.**

We have approved 20.5 MW of rooftop solar as at December 31, 2023. This allows Grand Cayman's rooftop solar owners to contribute to clean energy, and allows them to benefit from reduced energy bills. To put the amount of rooftop solar already approved into perspective, CUC's entire North Sound Road Power Plant has a capacity of 166 MW.

Currently, CUC purchases energy from rooftop solar owners in the same manner that it purchases fuel from fuel companies, whereby the cost is passed through to all customers connected to CUC's grid, without markup.

We would like to clarify that CUC does not profit or lose money from rooftop solar. It is important to CUC that all customers, producers and non-producers, benefit from rooftop solar. CUC advocates for fair solar rates, and we do not advocate for Customer Subsidisation, which is one customer segment paying more for electricity, to reduce the rate to others. Private installers who advocate for higher solar rates are advocating for Customer Subsidisation and increased costs.

We believe that every person on Grand Cayman should have the option of reduced energy bills, regardless if a customer has rooftop solar or not. Utility-scale solar, therefore, will allow for all customers to benefit from reduced rates and reduced energy bills.

By CUC's estimation, covering every roof of every building will only contribute a maximum of 25% of Grand Cayman's energy needs. We need utility-scale solar if we are to achieve our country's goal of 70% renewable energy by 2037 as laid out in the National Energy Policy. Despite this, several rooftop solar installers on Grand Cayman have yet to advocate for or promote, in a meaningful way, the use of utility-scale solar.

Seeking an aligned vision for clean energy

The mission of the Cayman Renewable Energy Association (CREA), according to its website (www.renewablecayman.com), is "to accelerate the adoption of clean energy to ensure the social, economic and environmental sustainability of the Cayman Islands".

CUC fully shares in this vision of clean energy accessibility for all customers in Grand Cayman, with a firm stance that all should have access to solar as a renewable energy resource and everyone should receive the lower cost benefits.

CREA has, and continues to, advocate for higher rates to be paid by CUC customers for electricity obtained from rooftop solar customers. While our belief is that rooftop rates have to be high enough that it benefits the homeowner with solar on their roof and it supports their investment; it must also be **low enough** that other residential customers don't pay the difference. CUC supports all options that will reduce carbon emissions and reduced costs for all persons, not just individuals with rooftop solar.

In addition, CUC acknowledges recent public comments initiated by the CREA President regarding the CUC utility-scale solar plus storage project proposal presented to OfReg in 2021. It was highlighted that **CREA opposed the project on the grounds of it not undergoing a competitive tender process.**

While this opposition reflects a commitment to procedural fairness, it's important to consider the potential benefits the project could have brought Grand Cayman, had it been approved.

Firstly, competitive processes for energy generation expansions are crucial, and CUC fully supports their development and implementation. However, the absence of such a process for utility-scale renewable energy for over eight years **has resulted in missed opportunities to introduce low-cost, large-scale solar energy to Grand Cayman.** It is in this vein that CUC made its proposal to give its customers the opportunity for some progress while the competitive framework was developed. It is noteworthy that other unsolicited proposals for similar large-scale solar projects, have also been presented to OfReg over the years.

The proposed utility-scale solar project had the potential to significantly increase renewable energy usage on Grand Cayman, from less than 3% to approximately 15%, addressing a longstanding concern. Due to the opposition for this project, and the increase in Grand Cayman's population, CUC has been placed in a position to lease rental generation with lower fuel efficiency in order to meet the electricity demands of Grand Cayman that could have been served by the proposed solar plus storage project. CUC is determined to minimise the purchase of additional fossil fuel generators except where needed to support renewable energy and firm capacity. The decision not to proceed with the solar project, pending the development of a competitive process, translates to a missed opportunity for consumers, **resulting in foregone energy cost savings of approximately US\$10 million per annum.**

CUC emphasizes that while it appreciates CREA's advocacy for procedural integrity, ongoing opposition to projects like these continue to impede the progress of renewable energy adoption.

CUC was an early member of CREA and actively participated in collaboration and knowledge-sharing, including presentations at various Caribbean Transitional Energy (CTEC) conferences and CREA meetings. We still share similar goals with respect to increasing renewable energy for Grand Cayman and, therefore, would like to publicly ask CREA to engage in a constructive dialogue on how we can work together to make low cost clean energy accessible to all residents.

Open Pledge to Our Valued Customers



To our customers, we make this promise; we are committed to doing everything we are allowed to do to provide a reliable service, lower carbon emissions and reduced energy costs for the people of Grand Cayman.

We are committed to the pursuit of achieving a 60% reduction in emissions by 2030 and to lowering fuel factor costs by up to 50% by 2030.

We cannot do this alone. There will be a need for a collaborative effort between CUC, OfReg, industry partners and policy makers. Through the deployment of renewable energy on rooftops, utility-scale solar plants, battery energy storage and other innovative solutions working together, **we are dedicated to ensuring that the majority of your energy comes from lower-cost, cleaner and renewable sources.** This pledge underscores our dedication to providing world-class electricity services to Grand Cayman, while simultaneously reducing costs for our valued customers.

We invite you to join us on this transformative journey towards a sustainable and affordable energy future by keeping up to date with our project progress on our social media pages and website at www.cuc-cayman.com.