FAIR TRADING COMMISSION

DECISION

Motion to Review the Renewable Energy Rider

Document No.: FTC/UR/MTNDECRER 2016-03 **Date: July 13, 2016**

Revised on July 25, 2016 pursuant to Rule 53(1) of the URPR

DOCUMENT NUMBER: FTC/UR/MTNDECRER 2016-03

DOCUMENT TITLE: DECISION – Motion to Review the Renewable Energy Rider

ANTECEDENT DOCUMENTS

Document Number	Description	Date
FTC/IR/REVRER 2016-02	Consultation Paper – Motion to Review the Renewable Energy Rider	April 22, 2016
FTCUR/MTNORD 2014-02	Order - Motion for review of the Renewable Energy Rider	August 8, 2014
FTC/UR/MTNDEC 2014-03	Decision - Motion for review of the Renewable Energy Rider	August 8, 2014
FTC/UR/STYRER 2014-01	Decision - Application for a Stay of the Renewable Energy Rider Decision	January 24, 2014
FTC/URD/DECRER 2013-02	Decision - Renewable Energy Rider	August 9, 2013

TABLE OF CONTENTS

EXECUTIVE SUMMARY

On April 22, 2016, the Fair Trading Commission (The Commission) commenced a Motion to review and vary the August 8th, 2014 Decision on the Renewable Energy Rider (RER), regarding the determination of the RER credit and expansion of the eligible capacity limit. This was done in accordance with Section 36 of the Fair Trading Commission Act, Cap. 326 (FTCA) and Section 16 of the Utilities Regulation Act, Cap. 282 (URA) of the Laws of Barbados. These sections state that the Commission may, on application or on its own motion, review and vary or rescind any decision or order made by the Commission and, where under this Act a hearing is required before any decision or order is made, such decision or order shall not be altered, suspended or revoked without a hearing.

The Commission initiated this Motion by way of a written consultation, in accordance with the principles of natural justice. The written consultation is a means of ensuring that there is transparency in its review of the Decision on the RER. Service providers, representatives of consumer interest groups, renewable energy (RE) installers and any other parties that have an interest in the matter were invited to and accordingly submitted written responses to the consultation.

Whereas many respondents argued for the establishment of a price floor, the Commission is of the view that the harm which this Motion is seeking to alleviate may be best addressed with the introduction of a fixed credit, as it affords a level of price stability and certainty not facilitated by a price floor.

Having reviewed and analyzed the submissions, the Commission has determined that:

I. **The eligible capacity limit should be increased to 500 kW. This allows for greater participation in the programme.**
II. **The most appropriate approach for the determination of the RER credit is the resource cost approach, as it adequately disaggregates RE costs from the cost of fossil fuels.**

III. The temporary RER credit is set at $0.416/kWh for solar photovoltaics (PV) and $0.315/kWh for wind, for all units supplied to the grid, until such time as a permanent rate may be established. This credit will apply to RE suppliers with capacities up to 500 kW and is subject to Section 13 of the Electric Light & Power Act (ELPA) 2013-21 and Section 46 of the FTCA.

SECTION 1: Introduction

1. The Renewable Energy Rider (RER) was approved by the Commission on August 8, 2014, as a scheme to facilitate the sale of surplus electricity generated from the Barbados Light & Power Co. Ltd.'s (BL&P) customers' distributed Renewable Energy (RE) systems. The low value of the RER credit, as occasioned by low international fuel prices, raised concerns about the viability of the RE sector. Following discussions with relevant stakeholders, including RE installers, the Minister of Industry, International Business, Commerce and Small Business Development, the Minister of Energy and Telecommunications and the BL&P, at a meeting on February 29, 2016, it was proposed that the RER should be revised, specifically as it relates to the RER credit, and the Commission has set out to do so.

2. The RER programme was initially formulated to facilitate a payment of an RER credit of 1.6 times the Fuel Clause Adjustment (FCA) and applicable to those RE suppliers with the capacity range of 1.5 times their average usage, up to a maximum of 150 kW.

3. The primary purpose for the review of the RER, at this time, is to address the concerns of current and prospective RE suppliers and installers who have advised of the current un-competitiveness and lack of economic viability of the RER credit. This is due to the low value of the RER credit, which is occasioned by the general low oil prices on the international market. Additionally, the Motion considers the expansion of the RER programme to allow it to be accessible to suppliers with generating capacities up to 500 kW.

4. This Motion is focused on the temporary establishment of an RER credit that will offer RE suppliers a level of compensation such that RE generation remains economically viable in an environment of low oil prices. This approach deviates from what currently obtains, as the existing RER credit is directly linked to the fuel clause adjustment (FCA), which is based on the BL&P's oil purchase price

and varies from month to month, without a specified minimum rate. The present approach renders RE suppliers completely vulnerable to the vagaries of the international oil market. It provides no protection to this new industry, one that is being developed and positioned by the Government to contribute significantly to the transformation of this country's future security of supply status and reduce the outflow of foreign exchange.

5. The Motion to review and vary the RER was conducted by way of a written consultation. The consultation commenced on April 22, 2016 and concluded on May 13, 2016. Eleven responses were received.

SECTION 2: Legislative Framework

6. The Commission has the authority to initiate the Review of the RER proceedings by way of Motion under Section 16 of the URA and Section 36 of the FTCA.

Section 16 of the URA states:

> *"Where the Commission has not fixed a period of time in accordance with section 15(1) the Commission may on its own initiative or upon an application by a service provider or consumer review the rates, principles and standards of service for the supply of a utility service".*

Section 36 of the FTCA states:

> *"The Commission may on application or on its own motion review and vary or rescind any decision or order made by it and, where under this Act a hearing is required before any decision or order is made, such decision or order shall not be altered, suspended or revoked without a hearing".*

7. This review of the RER programme will in effect bring it in conformity with the general tenets of the ELPA.

8. According to **Section 13(3) of the ELPA**:

> *"The public utility shall purchase electricity from a licensee or other person referred to in subsection (1) at such rate as may be agreed by the parties and approved by the Commission".*

In view of the fact that the mandate of the Commission, under Section 13(3) of the ELPA, is to approve rates which were agreed to by the BL&P and RE suppliers, it is evident that the ELPA envisages a form of rate negotiation occurring between these parties. Moreover, the ELPA, affords RE suppliers with generators of all sizes, an opportunity to enter into an agreement with the BL&P for the supply of electricity at an agreed rate which has to be approved by the Commission.

9. It should be noted that if the parties do not agree on the terms and conditions of such agreement or a dispute arises, then, pursuant to Section 13 (4) of the ELPA, the dispute will be resolved by the Commission, subject to Sections 46 (1) and (2) of the FTCA.

Section 13 (4) of the ELPA states:

> *"Where parties fail to agree on the terms and conditions of an agreement referred to in this section or a dispute arises in respect of such an agreement, any party may, in writing, refer the matter to the Commission for determination."*

Section 46 (1) of the FTCA states:

> *"The costs of and incidental to any proceeding before the Commission shall be in the discretion of the Commission and may be fixed at a sum certain or may be taxed".*

Section 46 (2) of the FTCA states:

> *"The Commission may prescribe a scale under which costs shall be taxed and may order by whom the costs in any proceedings are to be taxed".*

SECTION 3: Submissions

10. The aforementioned responses to the written consultation were in the form of submissions from various interested parties, including RE installers, non-governmental organizations and the BL&P. These submissions outlined concerns regarding the state of the RE sector and provided proposed solutions to the issues of the RER credit and the eligible capacity limit.

Credit Floor vs Fixed Credit

11. Under the pilot phase of the RER, which commenced on July 1, 2010, a credit floor of $0.31 was applicable. The offer of a credit floor was discontinued in the BL&P's application for the permanent implementation of the RER. It should be noted that this occurred in an environment of high and increasing oil prices (US$100+/ barrel) and at a time when the prospect of a US$30/barrel oil price was inconceivable. Representatives of the RE sector, at the February 29, 2016 meeting, tabled the implementation of a credit floor to mitigate the negative economic impacts that have been precipitated by persistent low oil prices and to offer a level of price security/stability. It was considered that this would act as a minimum credit that could be paid to suppliers and would operate in conjunction with the already established variable RER credit, once the latter is at or above such a floor. This approach allows variation in the value of the RER credit in line with market conditions but would establish the minimum payment that can be applied. Under this approach, the uncertainty remains but is constrained by the setting of a lower limit. Price floors are used to ensure the economic viability of producing or providing a particular commodity. The argument for the implementation of a credit floor, in this case, is to protect RE suppliers against the falling price of fossil fuel, to which the FCA and the RER are directly linked. For balance and fairness, and in conformity with best practices, the institution of a credit floor would also require the simultaneous introduction of a credit ceiling.

12. Prior to the tabling of an RER floor credit, the BL&P placed a recommendation before the Commission for the setting of fixed RE compensation rates, in consideration of the provisions under the ELPA. The BL&P presented rates based on avoided cost, resource cost and social value. The last approach seeks to quantify the value of the resource to society. Along with the typical benefits of utilising a renewable resource, it also considers foreign exchange savings, environmental benefits and electrical loss savings. This approach is however the most subjective of the three.

13. The BL&P has tabled fixed rates and not a credit floor. The Company is not in favour of a credit floor and ceiling to compensate distributed RE suppliers. It is of the view that fixed long term rates, as proposed in its submissions to the Commission, offer the necessary price certainty to the RE sector. It argues that the proposed fixed long term rates were developed using established industry methodologies for pricing renewables and is an acceptable basis for delinking compensation from fuel costs, which ultimately achieves the objective of reducing price volatility.

14. Further, the BL&P has recommended use of the resource cost approach for valuing distributed scale RE systems (systems ≤ 500 kW), to arrive at a rate of BB$0.378/kWh and BB$0.298/kWh for solar PV and wind, respectively and the application of the avoided cost approach in valuing utility scale systems (systems > 500 kW), to arrive at a rate of BB$0.342/kWh and BB$0.284/kWh for solar PV and wind, respectively. Pre-specified fixed rates provide suppliers the assurance and predictability that RE suppliers desire; they also safeguard against risk brought on by fluctuating prices over time. Conversely, fixed rates also act to constrain the upper bound of rates that are linked to the cost of fuel when market forces become favourable for such movement.

Main Approaches in Determining Optimal Credit

15. **The Avoided Cost Approach -** Currently, the RER is undertaken using the avoided cost approach as articulated in earlier drafts of the National Sustainable Energy Policy (NSEP). However, there has been considerable debate as to the merits of applying avoided cost versus resource cost. The former may be defined as the fixed and variable costs of an energy utility's generating plant that could be avoided by obtaining energy from RE suppliers. It can be calculated as the difference in the utility's overall generation cost with and without the energy from the RE suppliers. Even though this method is used by the BL&P and is well established worldwide, it is acknowledged that this method reduces the attractiveness of future investment in distributed RE resources, as it perpetuates the concept of linking the compensation to the price of oil. Given the current economic climate associated with the installation of these systems, the BL&P concurs with the broader view that the resource cost method is more appropriate.

16. **The Resource Cost Approach –** This is based on what is referred to as the levelised cost of energy (LCOE). This cost per unit of energy becomes a proxy for the compensation to the RE supplier and is intended to be sufficient to cover all costs associated with the RE system, as well as provide a market rate of return over the estimated economic life of the system. One possible drawback of this approach is that it can potentially provide a subsidy to the RE investors that will be borne by the non-RE investor i.e. the conventional electricity consumer. However, it can be argued that an RER credit which is fixed at a sustainable level can minimise the effect and quantum of this potential disadvantage. This aligns with the policy objectives of some experienced RE jurisdictions in the United States[1] which aim to keeping the level of compensation steady, in order to promote entry into the market while avoiding overcompensation, which would otherwise lead to excessive costs

[1] Francisco Flores-Espino, "Compensation for Distributed Solar: A Survey of Options to Preserve Stakeholder Value.", National Renewable Energy Laboratory Technical Report, (September 2015), accessed June 22, 2016.

being passed on to the conventional consumer. Additionally, the Barbados Renewable Energy Association (BREA)[2] submitted data which showed that with a proposed RER credit of BB$0.40/kWh, if the FCA is below BB$0.25/kWh, the increase to the conventional customer's bill is minimal.

17. **The Payback Period Approach -** This was the option proposed by BREA and most of the other respondents. BREA sought to show the level of RER credit that would be sufficient to repay a specific level of financing within a certain timeframe. BREA asserted that at the then prevailing RER credit, which was based on an FCA that at the time of their submission was BB$0.13/kWh, the payback period for a 100 kWp system was in excess of 15 years and as such was unattractive enough to deter investment in the sector. BREA's reasoning essentially was to work backwards to show that at a particular level of RER credit, the payback period would fall to seven years and thus begin to once again attract investment. This approach is limited, as it does not directly focus on the actual costs associated with the operation of a RE system, save for financing costs. Additionally, the payback period methodology is not a known acceptable industry approach for the determination of RE purchase prices.

[2] BREA, "Application to Review the Renewable Energy Rider in Accordance with Section 16 CAP 282 Utilities Regulation", March 23, 2016.

SECTION 4: Analysis

18. Upon review and analysis, it was found that the resource cost method was the most suitable for the current circumstances, in that it takes into account reasonable operating costs associated with the RE resource; it allows for the RER to be delinked from the price of oil; and it is indicative of a move in the direction of the understood policy direction of Government, as it relates to the promotion and development of the RE sector. Recent local and international discussion on the various pricing approaches also appears to suggest that the resource cost approach is emerging as the preferred option. It also appears to be the most prudent approach within the context of tropical island grids, which contend with security of supply issues, high and volatile oil prices and abundant local, renewable solar and wind resources that may be utilised to enhance grid stability when deployed at the distributed scale.

19. Having received the responses to the Motion to Review the RER, the Commission recognised that the stakeholders in the renewable energy sector, including the BL&P, submitted recommendations for the new level of RER credit which were based on approaches or assumptions that may be considered sub-optimal in the current environment. The Commission's analysis leads it to favour the resource cost method for determining the optimal RER credit, given the stated objectives of the review and Government's suggested policy direction. This was echoed by a number of respondents including the BL&P, Williams Industries Inc. and the Barbados Association of Retired Persons (BARP); the BL&P's submission offered a suitable and logical model, with only a few flawed assumptions. Using their model, the Commission has incorporated other unconsidered factors which has resulted in revised values of some of the variables contained therein.

20. The main area of concern with respect to the BL&P's model is the omission of key factors in the estimates for the operating costs of the RE installations, mainly insurance costs and a realistic cost of finance. The Commission proposes

to use values based on its own market research within the framework provided. To give an example for the purposes of clarity, the BL&P assumed operating and maintenance (O&M) costs of a solar PV system to be BB$65/kW, based solely on the estimated costs to physically maintain a 10 kW system, i.e. the yearly cost of maintaining the solar panels divided by the maximum output. There was no mention of insurance costs, as it is assumed that the RE investors seldom insure the equipment separately.

21. Licence fees were also omitted. For the majority of householders whose supply of electricity would primarily be for domestic use (up to 5 kW), the fee is comprised of an application fee of $200.00 and a licence fee of $50.00. For those with an installed capacity of more than 25 kW but less than 100 kW, the corresponding fees amount to $500.00 for the application and $100.00 for the issue of a licence[3]. While we recognise that smaller sized installations carry a one-time licence fee, larger systems such as those in the range of 100kW to 150kW attract an upfront fee of $1,150.00 and an annual fee of $7,000.00. It should, however, be noted that these fees are presently under review. Since the capacity of the model presented herein is limited to 10 kW, the exclusion of annual licence fees is justified. The Commission included solar PV insurance and financing costs based on the surveys that it conducted, as it considers it prudent to assume that insurance costs will be a valid concern for the RE investor, as it is a significant investment in equipment which is attached to their premises. Additionally, the Commission surveyed a number of financial institutions and insurance companies. The Commission surveyed the financial institutions in order to obtain current information on the financing costs of these systems. The particulars of each institution are listed anonymously in Table 1.

[3] Electric Light and Power Act, 2013, Act 2013-21 "Electric Light and Power (Fees) Regulations, 2015" accessed June 29, 2016

Table 1: Selection of Current Finance and Insurance Costs for Solar PV

Institution	**Interest Rate**	**% of Cost Financed**
Financial Institution #1	9% Unsecured 5.25% Secured	Up to 100%
Financial Institution #2	8.75%	90%. Must be a credit union member and have 20% of the cost of the system as savings
Financial Institution #3	7%	90%
Insurance Company	**Average Amount Covered**	**Corresponding Annual Premium**
#1	$30,000	$120 for Personal $225 for Commercial
#2	$30,000	$120 for Personal $5 per $1000 of value for Commercial
#3	N/A	$4.50 to $5.00 per $1000 of value for Personal Up to $8 per $1000 of value for Commercial

22. In most cases, the rates for insurance will fluctuate according to level of risk and the value/cost of the system. Certain types of businesses, such as manufacturing or chemical plants, are considered riskier and as such will attract a higher yearly premium for RE systems placed on these kind of facilities.

23. Tables 2 and 3 give an estimate of the optimal solar PV RER credit, given here as the power purchase agreement (PPA) rate or Levelised Cost of Electricity (LCOE). Table 2 illustrates the BL&P's assumptions and does not include any input from the Commission.

Table 2: The BL&P's Assumptions

	Barbados Light & Power Solar PV Resource Cost Assumptions	Value	
	System Costs & Characteristics		
1	Total of Cost Equipment	$55,000	$/kW
2	Equipment unit cost	$5.5	$/W
3	O&M	65	$/kW
4	O&M Inflation Rate	2%	p.a.
5	PV Capacity (kW)	10	kW
6	PV Capacity Factor	18%	
7	Hours in Year	8,760	
8	Generation per year per kWp	15,768	kWh/kWp
9	Performance Degradation Rate	0.50%	p.a.
10	Replace Inverter in Year	15	years
11	Replacement Inverter Cost	$600	$/kW
12	System Life	25	years
	PPA & Electricity Rates		
13	PPA Rate	0.3784	$/kWh
	Financing Terms & Depreciation		
14	Percentage Financed	60%	%
15	Loan	33,000	$
16	Loan term	20	years
17	Interest rate	7.00%	p.a.
18	Depreciable Percentage of Costs	100%	%
	Other		
19	Discount Rate	10.00%	p.a.
20	Reinvestment Rate (Return on Equity)	5.00%	p.a.
21	Individual Tax Rate	33%	p.a.
22	Maximum Tax Incentive	$16,500	
23	ITC Incentive	No	
24	Inverter Cost	15%	

Summary Results		
Levelised Cost of Electricity (LCOE)	0.3784	
Internal Rate of Return (IRR)	9%	
Modified Internal Rate of Return (MIRR)	6.29%	
Simple Payback Period (SPP)	10	years
Time to Net Positive Cash Flow (TNP)	10	years

Based on the BL&P's assumptions, the optimal solar PV RER credit, given by the LCOE is in this case BB$0.378/kWh. The Commission notes that the BL&P's loan term of 20 years is unrealistic. The Commission's research suggests that local financial institutions would tend to favour a term of 7 years.

24. The Commission would expect that, on average, based on its market research, the financing for these projects would attract an interest rate of 7.5%, a financed percentage of 90%, a loan term of 7 years as opposed to 20 and insurance costs of $5 per $1000 of value for one year. In terms of the equipment costs, market research has shown that a price of $55,000 for a 10 kW system is indeed a reasonable assumption. All variables highlighted in bold and underlined are those the Commission has revised in the model, based on its research. This, in the Commission's opinion, is the most practical scenario. These figures, while conservative, appear to be in keeping with the day to day practices of most financial institutions. Running this scenario the following results are shown in Table 3:

Table 3: The Fair Trading Commission's Adjustments

	Fair Trading Commission Solar PV Resource Cost Assumptions	Value	
	System Costs & Characteristics		
1	Total of Cost Equipment	$55,000	$/kW
2	Equipment unit cost	$5.5	$/W
3	O&M	**93**	$/kW
4	O&M Inflation Rate	2%	p.a.
5	PV Capacity (kW)	10	kW
6	PV Capacity Factor	18%	
7	Hours in Year	8,760	
8	Generation per year per kWp	15,768	kWh/kWp
9	Performance Degradation Rate	0.50%	p.a.
10	Replace Inverter in Year	15	years
11	Replacement Inverter Cost	$600	$/kW
12	System Life	25	years
	PPA & Electricity Rates		
13	PPA Rate	0.4156	$/kWh
	Financing Terms & Depreciation		
14	Percentage Financed	**90%**	%
15	Loan	49,500	$
16	Loan term	**7**	years
17	Interest rate	**7.50%**	p.a.
18	Depreciable Percentage of Costs	100%	%
	Other		
19	Discount Rate	10.00%	p.a.
20	Reinvestment Rate (Return on Equity)	5.00%	p.a.
21	Individual Tax Rate	33%	p.a.
22	Maximum Tax Incentive	$16,500	
23	ITC Incentive	No	
24	Inverter Cost	15%	

Summary Results		
Levelised Cost of Electricity (LCOE)	0.4156	
Internal Rate of Return (IRR)	10%	
Modified Internal Rate of Return (MIRR)	7.10%	
Simple Payback Period (SPP)	10	years
Time to Net Positive Cash Flow (TNP)	14	years

25. Based on the revised variables, it can be seen in the table above that a higher level of operating costs translates to a higher LCOE, which implies that the

required solar PV RER credit, based on this iteration of the resource cost method, increases as operating costs trend upwards. Here, the LCOE is BB$0.4156. Inclusion of the Commission's revised market-based variables coincidentally appears to be congruent with the level of solar PV RER credit recommended by the RE suppliers in their submitted responses.

26. Table 4 illustrates the same resource cost framework for a wind-based system, which gives the LCOE for a 10 kW system of $75,000. The Commission is again of the view that a loan term of seven (7) years is more reasonable than the twenty (20) years used by the BL&P. As such, in this version of the model, the Commission has adjusted the loan term to seven (7) years. All of the BL&P's other assumptions have been kept constant. As wind-based systems are not as popular as solar PV, local lending institutions and insurers have had little experience with this form of RE generation so there is generally a lack of locally available data on these related costs. Our adjustment results in a LCOE of BB$0.315.

Table 4: Assumptions for a Wind Based system

	Fair Trading Commission Resource Cost Assumptions	Value	
	System Costs & Characteristics		
1	Total of Equipment	$75,000	$/kW
2	Equipment unit cost	$7.5	$/W
3	O&M	115	$/kW
4	O&M Inflation Rate	2%	p.a.
5	PV Capacity (KW)	10	KW
6	PV Capacity Factor	32%	
7	Hours in Year	8,760	
8	Generation per year per KWp	28,032	kWh/kWp
9	Performance Degredation Rate	0.50%	p.a.
10	Replace Inverter in Year	15	years
11	Major hardware replacement (blades, motors, etc)	$600	$/KW
12	System Life	25	years
	PPA & Electricity Rates		
13	PPA Rate	0.3155	$/kWh
	Financing Terms & Depreciation		
14	Percentage Financed	60%	%
15	Loan	45,000	$
16	Loan term	7	years
17	Interest rate	7.00%	p.a.
18	Depreciable Percentage of Costs	100%	%
	Other		
19	Discount Rate	10.00%	p.a.
20	Reinvestment Rate (Return on Equity)	5.00%	p.a.
21	Individual Tax Rate	33%	p.a.
22	Maximum Tax Incentive	$16,500	
23	ITC Incentive	No	

Summary Results		
Levelized Cost of Electricity (LCOE)	0.3155	
Internal Rate of Return (IRR)	9%	
Modified Internal Rate of Return (MIRR)	7.11%	
Simple Payback Period (SPP)	10	years
Time to Net Positive Cash Flow (TNP)	12	years

SECTION 5: Determination

Decision on the RER Credit

27. While the framework of the resource cost model provided by the BL&P is theoretically and functionally sound, the assumptions underpinning the variables were of concern. Utilising variables derived from market research, the Commission has been able to arrive at estimates of LCOE which it considers to be more realistic and give, potentially, a better indication of what the solar PV RER credit should be. The Commission is confident that its use of the resource cost model is practical and in keeping with the general tone of the Sustainable Energy Framework for Barbados[4]. The Draft National Sustainable Energy Policy for Barbados (NSEP) (Revised) has as its objectives *inter alia*: reduced energy costs, the promotion of viable investments in sustainable energy, reduction in dependency on fossil fuels and the use of environmentally friendly energy sources.

28. The use of the resource cost approach has two main critical effects: the delinking of the purchase price of the RE resource from the price of oil and the promotion of new investment in the RE sector by providing an attractive, known and stable return to investors. Therefore, it can clearly be seen that the effects of the model used in this paper, which is based on the resource cost approach, are in line with the objectives as outlined in the draft NSEP.

29. The use of the resource cost method in determining the purchase price of the RE resource removes the elements of volatility and instability, which has been a primary source of concern for stakeholders in the sector and is a major reason for this Motion to review the RER.

[4] "Sustainable Energy Framework for Barbados", Division of Energy, accessed June 23, 2016, http://www.energy.gov.bb/web/sustainable-energy-framework-for-barbados

<u>Commission's Decision:</u> The resource cost approach has been adopted in determining the RER credit.

30. The Commission agrees with the general methodology proposed by the BL&P, but determined it would vary some of the assumptions used based on its market research.

<u>Commission's Decision:</u> The temporary RER credit is set at BB$0.416/kWh for solar PV and BB$0.315/kWh for wind, for all units supplied to the grid, until such time as a permanent rate may be established. This credit will apply to RE suppliers with capacities up to 500 kW and is subject to Section 13 of the ELPA and Section 46 of the FTCA.

Decision on Capacity Expansion

31. A stated objective of the Motion to Review the RER was to consider the expansion of the RER to allow it to be accessible to suppliers with generating capacities up to 500 kW. The consensus among the respondents was that the RER should be expanded to include suppliers with generating capacities up to 500 kW for the benefit of the sector as a whole. This facilitates greater participation in the RER programme.

<u>Commission's Decision:</u> The eligible capacity limit of the RER is now expanded to 500 kW.

32. This Decision shall take effect from July 20, 2016.

33. The Commission recognizes that this Decision may be subject to revision dependent on the provisions in the energy policy implemented by the Government of Barbados.

Dated this 12th day of July 2016

Original Signed by

……..
Jefferson Cumberbatch
Chairman

Original Signed by

……..
Philmore Alleyne
Commissioner

Original Signed by

……
Andrew Willoughby
Commissioner

Original Signed by

……
Dawood Pandor
Commissioner

Original Signed by

……
Monique Taitt
Commissioner