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June 19, 2020

The Chief Executive Officer  
Fair Trading Commission  
Good Hope, Green Hill  
ST MICHAEL

Attention: Dr. Marsha Atherley-Ikechi, Director of Utility Regulation

Dear Madam

**Re: Clean Energy Transition Rider Application**

In June 2019, the Government of Barbados (GoB) approved, through Parliament, the Barbados National Energy Policy 2019-2030 (BNEP) and its accompanying implementation plan. The BNEP outlines, among other matters, a policy to transition the generation of electricity to 100% renewable energy by 2030.

Additionally, the amendment to the Electric Light & Power Act (ELPA) in August, 2019 highlighted the changes and complexities which will likely characterize the structure of the energy market during this transition period.

The Barbados Light & Power Company Limited (BLPC) however continues to demonstrate its commitment to increasing the deployment of renewables in support of the GoB's energy policy. It has also continued to invest in its infrastructure to provide and maintain a safe, reliable and efficient service for customers. Further significant investments will also be required for the BLPC to continue to meet this obligation.

The BLPC has therefore developed a Clean Energy Transition Programme (CETP) to cover significant investments to be made by the Company.

Pursuant to Section 16 of the Utilities Regulation Act, Cap 282 (URA) of the Laws of Barbados and in support of the Government's BNEP, the BLPC has attached its Application for approval of the Fair Trading Commission (Commission) to establish a Clean Energy Transition Rider (CETR) to recover the cost associated with its Clean Energy Transition Programme (CETP).

(2)

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Also enclosed is a report entitled “**Review of the Clean Energy Transition Rider**” prepared by our Expert Witness, The Brattle Group, together with the Affidavits of Dr. Pearl Donohoo-Vallet, Mr. Philip Hanser and Mr. Bruce Tsuchida. The Affidavits are signed by the parties but unsworn due to current constraints with COVID-19. However, the fully executed copies of the Affidavits are being processed and will be provided to the Commission in the **next three (3) weeks**.

The BLPC will be guided by the Commission on what aspects of its Application should be in the form of sworn Affidavits.

Yours faithfully

**THE BARBADOS LIGHT & POWER COMPANY LIMITED**



Adrian Carter

**MANAGER, REGULATORY AFFAIRS**

Attchs

cc: Roger Blackman, Managing Director  
Kim Griffith-Tang How, Director Customer Solutions



**NOTIFICATION OF THE BARBADOS LIGHT & POWER COMPANY LIMITED (BLPC) TO THE FAIR TRADING COMMISSION OF ITS INTENTION TO ESTABLISH A CLEAN ENERGY TRANSITION RIDER PURSUANT TO SECTION 16 OF THE UTILITIES REGULATION ACT, CAP 282 OF THE LAWS OF BARBADOS**

**A. APPLICATION**

1. The Barbados Light & Power Company (the BLPC) requests the approval of the Fair Trading Commission (the Commission) to establish a Clean Energy Transition Rider (CETR) Mechanism to recover the cost associated with its Clean Energy Transition Programme (CETP).
2. The CETR is grounded in traditional ratemaking principles and follows an approach that has been widely approved by regulatory commissions in North America.
3. The local electricity market is experiencing unprecedented changes driven by increased customer demands, technological advances, government policies, clean energy targets and government's market reform initiatives. These changes will require a flexible cost recovery mechanism to facilitate future investments that will be necessary to support a safe, reliable and resilient power grid.
4. The CETR is such a flexible cost recovery mechanism that would facilitate investments in the future reliability and resilience of the grid as the nation transitions towards the 2030 clean energy targets.



## **B. BACKGROUND**

5. In June 2019, the Government of Barbados (GoB) approved, through Parliament, the Barbados National Energy Policy 2019-2030 (BNEP) and its accompanying Implementation Plan. The BNEP outlines, among other matters, a policy to transition the generation of electricity to 100% renewable energy by 2030. The BLPC has long demonstrated its support towards increasing the deployment of renewables in the: (1) implementation of the Renewable Energy Rider (RER) programme in 2010 to facilitate distributed renewables connection to the grid; (2) commissioning of a 10 MW solar PV plant in 2016; (3) commissioning of 5 MW of energy storage at its Trent's generation plant in 2018 and (4) investments in grid modernization to safely and efficiently facilitate higher penetration of distributed renewables into the public grid.
6. The accelerated deployment of renewable generation and, in particular, intermittent distributed renewables will require a power system that offers new functionality, greater flexibility and resilience. Only then can we be sure that the network's safety, reliability and efficiency are not compromised as we transition towards the clean energy 2030 target.
7. The period of transition towards our clean energy future will be characterized by unprecedented changes and increased complexity in the structure of the energy market as signaled by the August 21, 2019 Amendment to the Electric Light & Power Act (ELPA). The Amendment provides market access to investors interested in participating in the generation, storage, transmission & distribution, dispatch or retail segments of the electricity market, each segment requiring a separate license.
8. In the face of these power system and regulatory changes, the BLPC anticipates that it will retain the statutory obligation to provide a safe, reliable and efficient



electricity service for customers and must therefore continue to invest in its infrastructure.

9. The investments required of the BLPC under these conditions are significant due to the need to replace and modernize a substantial portion of its infrastructure to support customer requirements and changes to the market structure. Infrastructural strengthening is required to balance variable renewable generator outputs and facilitate increased demands anticipated to be placed on these infrastructures by Independent Power Producers (IPPs) and new electricity flow patterns driven by higher penetrations of distributed renewable generation.
10. The BLPC has developed, in collaboration with the GoB, a Clean Energy Transition Programme (CETP), which includes the commissioning of a resilience bridge of 33 MW Medium Speed Diesel (MSD) generation plant referred to in this Application as the “Clean Energy Resiliency Bridge.”
11. The CETP also includes significant investments in: 1) the Transmission and Distribution (T&D) system; 2) energy storage to facilitate higher RE resource penetrations, and 3) utility-scale wind and solar PV generation and to increase the functionality and extend the life of existing assets.
12. The CETP should result in higher reliability levels and lower fuel costs to customers as the BLPC makes investments in more fuel-efficient generation resources. However, the projected programme’s cost will place a more significant financial burden on the BLPC than can be absorbed without timely rate relief.
13. The need to obtain timely recovery of energy transition costs and reduce the pressure on the BLPC’s rate of return is critical to its viability and, by extension, essential to achieving the 2030 clean energy target and the GoB’s market reform



objectives, without compromising the resiliency of the electricity network. Without relief, the BLPC projects an earned return of less than 4% by 2021 (Table 1A).

14. The BLPC, therefore, seeks approval to implement a Clean Energy Transition Rider (CETR) as a rate relief mechanism to recover the revenue requirements associated with implementing the CETP. Thus, ensuring the BLPC retains the ability to continue making substantial long-term investments in the electricity network. The CETR will not replace the need for general rate filings but will provide more timely recovery between these rate filings.

### **C. CONCISE STATEMENT OF FACTS (Rule 26(1) (a) of the URP Rules)**

15. The BLPC is a vertically integrated electric utility company, established on May 6, 1955, and incorporated on December 30, 1986, under the **Companies Act**, Cap 308 of the Laws of Barbados. Its registered office is at Garrison Hill, St. Michael, Barbados. Pursuant to the Electric Light & Power Order, No. 3, set out in the Third Schedule of the **Electric Light and Power Act**, Cap 278 of the Laws of Barbados, the BLPC was granted the right to supply energy for all public and private purposes for forty-two years from August 1, 1986.
16. The BLPC is a wholly-owned subsidiary of Emera Caribbean Inc. (the holding company). It is required to manage the grid to ensure the electricity network meets the rapidly evolving demands of power producers that supply services to the grid and customers supplied from the grid. The BLPC, therefore, must maintain a safe, efficient, reliable network and must continue to invest in its infrastructure to fulfill that obligation.
17. To satisfy the needs of the electric system, the BLPC operates four (4) generating plants using a mix of technologies including steam turbines, diesel



engines, gas turbines, and solar photovoltaic to produce electricity. Electricity is transmitted and distributed over 3,000 kilometres of transmission and distribution lines facilitated by eighteen (18) substations dispersed across the island.

18. The BLPC has an aspirational goal of achieving a 100/100/100 Barbados - 100% renewable or clean energy, 100% electrification of business, industry and transportation, and 100% resilience. That goal aims to: 1) move our island from a high carbon-intensive generation portfolio to low carbon sources; 2) reduce the country's dependence on imported fossil fuel; 3) mitigate foreign exchange pressure; 4) introduce price stability; and 5) provide high levels of reliability for customers.
19. The BLPC's vision is aligned with the policy objectives outlined in the BNEP, which delineates a strategy to transition the energy and transportation sectors towards 100% clean energy by 2030.

#### **D. GROUNDS FOR THE APPLICATION (Rule 26 (1)(b) of the Rules)**

20. The transition towards the 2030 target will create challenges to the public grid, including handling new patterns of power flow, accommodating the variable output of renewables and balancing a system that includes IPP-owned generation. The current system was designed for a one-way flow of power and now must be hardened to handle dynamic two-way energy flows from renewable resources. Also, the balancing of generation and load will be more complex and require a flexible system to simultaneously balance the power of thousands of distributed generation units with intermittent renewable generation output. Accomplishing this transition will put the island at the leading edge of decarbonization and power system operations, and will require comparable resource investments.

21. The BLPC's current resources of generation plants, lines, transformers and substations will be the foundation for this transition. However, many of these resources will require replacement or modernization to enable the 100% clean energy goal, while maintaining the BLPC's commitment to reliability, resiliency, and safety. Thus, in addition to the BLPC's usual schedule of annual capital expenditures, significant investments are required to replace and upgrade existing infrastructure.
22. The Clean Energy Transition Programme (CETP) provides a suite of critical capital investments that are needed urgently to strengthen the reliability, resilience and efficiency of the grid.
23. The CETP is a five-year investment programme that commenced in December 2019, consisting of capital expenditures to strengthen the reliability, efficiency and resilience of the grid as the nation transitions towards its 2030 clean energy vision. The programme will include the following capital items:
  - a. ***The Clean Energy Resiliency Bridge*** - these investments relate to new fossil fuel generation urgently needed to replace the 80 MW of existing baseload generation scheduled for retirement. The new generation resource is a 33 MW Medium Speed Diesel (MSD) plant. This plant may likely be the last fossil fuel generating units purchased by the BLPC and will provide the resilience and reliability bridge needed to support the clean energy transition under the BNEP.
  - b. ***Renewable Generation Resources*** - the BLPC is in the advanced stages of planning and developing a 10 MW Windfarm at Lamberts, St. Lucy and an additional 15 MW of Solar PV.



- c. **Energy Storage** - the existing 5 MW Energy Storage Device (ESD) and an additional 10 MW of battery storage to be commissioned to support the integration of higher penetrations of intermittent renewables.
- d. **Grid Modernization** - enhancements to the transmission & distribution network to improve safety, resilience and customer reliability and grow capacity for renewable resource integration. These will include expanded use of voltage management tools, sensors and automated controls, as well as an expansion of the communication network, to enable greater operational visibility, coordination of RE resources and enhanced outage management.

24. The BLPC expects the capital items captured under the CETP will enhance the reliability and resilience of the electricity network while reducing fuel costs to serve customers over the next five years. However, the programme's costs exceed what the BLPC can absorb under existing tariffs and, without some form of rate relief, would undermine the financial viability of the BLPC.

**Table 1A: Projected Revenue Shortfall (\$Million)**

	2019	2020	2021	2022	2023	2024
<b>New Capital Expenditure</b>	\$102.3	\$235.2	\$137.0	\$175.4	\$151.3	\$189.6
<b>Rate Base</b>	\$655.5	\$898.0	\$989.6	\$1087.3	\$1148.0	\$1225.0
<b>Operating Income</b>	\$53.3	\$48.7	\$38.3	\$22.2	\$7.7	\$11.4
<b>Rate of Return</b>	8.13%	5.42%	3.81%	1.99%	-0.62%	-0.89%
<b>Revenue Requirement Deficit</b>	<b>(\$12.3)</b>	<b>(\$41.1)</b>	<b>(\$61.3)</b>	<b>(\$87.4)</b>	<b>(\$122.3)</b>	<b>(\$134.1)</b>

25. Table 1A outlines the BLPC's projected capital expenditures over the next five years, inclusive of the required investments under the CETP. Table 1A indicates the projected new capital spend of on average \$165 million annually needed to facilitate infrastructural replacement and modernization. These investments will



result in a corresponding growth in the rate base. The rate base is the undepreciated value of the BLPC's assets used to provide electricity services on which the BLPC is permitted to earn a rate of return.

26. The BLPC's annual operating income and rates of return will decline to unsustainable levels without some form of base rate relief during the period. This revenue deficit will mainly be driven by higher depreciation expenses and operating costs as a result of the growth in capital investments.
27. A rate relief mechanism to facilitate timely recovery of costs is critical at this time to allow the BLPC to access capital financing at reasonable terms to support the CETP. Moving forward without such a mechanism to obtain timely relief would likely lead to delays in the funding for these urgently needed investments to sustain high reliability and efficiency levels as the energy sector transitions to 100% clean energy by 2030.
28. The BLPC is, therefore, proposing to implement a Clean Energy Transition Rider (CETR) as an alternative rate-relief mechanism to facilitate the timely recovery of the costs associated with the CETP.

### **Alternative Rate Relief Mechanisms**

29. The BLPC's proposal of a Clean Energy Transition Rider (CETR) is a form of alternative rate-relief mechanism that benefits both the BLPC and its customers.
30. Under traditional ratemaking, the BLPC would need to complete the CETP investments and then initiate a formal general rate filing to recover the costs associated with the investments. Based on the capital expenditures, frequency of CETP investments and consequential decreases in return, the BLPC would



anticipate needing to file frequent rate cases without an alternative rate relief mechanism.

31. General rate filings, however, entail extraordinary efforts and substantial costs on the part of the BLPC and the Commission, and these costs are ultimately borne by our customers.
32. Furthermore, the traditional general rate case process would increase regulatory lag and uncertainty related to the CETP investments and would likely delay the financing of these urgently needed capital additions.
33. The CETR proposed by the BLPC is an alternative rate relief mechanism that, as a ratemaking tool, is known as a “Capital Tracker” mechanism.
34. A capital tracker allows for the recovery of specific investments outside of a general rate case filing. The tracker permits a regulated utility to recover specific/qualified investments more efficiently than a general rate case filing.
35. Capital trackers are commonly used in situations when the traditional ratemaking process provides an inadequate mechanism to adjust rates in a reasonable timeframe in response to needed investments.
36. Capital trackers also help to ensure that the utility has the financial standing necessary to invest in the infrastructure required to provide efficient, safe, adequate, and reliable service to its customers, in the long term, at cost-effective levels.
37. The capital tracker recovers the costs of specific/qualified infrastructure investments incurred between general rate cases. The definition of “specific/qualified investments” is tailored to the particular requirements of the utility. For the BLPC, those are the investments included in its CETP.
38. Trackers have been applied to a variety of utility expenditures, such as fuel, purchased power, and capital expenditures. Renewable generation,



transmission and distribution upgrades and advanced metering infrastructure have also received trackers. The BLPC already utilizes a tracker in the form of its Fuel Clause Adjustment (FCA) mechanism.

39. As shown in Table 2A, nearly all of the electric utilities in the United States have at least one tracker (107 of a total of 128 utilities sampled), and approximately half have at least one capital expenditure tracker (68 of 128 sampled).

**Table 2A: Summary of U.S. Electric Utility Trackers by Type**

Type of Tracker/Rider	Number of Utilities
Renewables expense	70
Electric fuel/gas commodity/purchased power	107
Environmental compliance	52
<i>New Capital</i>	
Generation capacity	26
Generic infrastructure	68

*Sources: 2018 RRA Adjustment Clauses*

40. Trackers remove expenditures from traditional regulatory frameworks and are justified according to the National Regulatory Research Institute (NRRI) when costs are: 1) mostly outside of the utility’s control; 2) unpredictable and volatile; and 3) substantial and recurring such that the difference between test-year costs and actual costs can materially affect a utility’s rate of return and its financial viability.

41. The requirements of the 2030 clean energy target and anticipated changes to the market structure, both which are largely outside of the BLPC’s control, drive the CETP’s costs, not the BLPC’s business-as-usual expenses. These changes must be supported by significant infrastructural investments that will affect the BLPC’s financial viability unless timely cost recovery is achieved, which will, in



turn, affect the BLPC's ability to raise the necessary capital financing to make the investments.

42. The BLPC considers that the CETP's investments justify the application of a capital tracker such as the CETR as the cost recovery mechanism for the CETP's investments.

### **The Clean Energy Transition Rider (CETR)**

43. The Clean Energy Transition Rider (CETR) is grounded in traditional ratemaking principles, and its design provides an opportunity for the BLPC to recover the costs associated with the CETP. Given the size and frequency of the investments that comprise this programme, failure to obtain timely recovery of the associated costs through an administratively flexible and efficient mechanism such as the CETR would result in a need to file frequent general rate applications.
44. The time, resources and other administrative costs and regulatory lag associated with having to file general rate applications would weaken the financial health of the BLPC and likely result in delays in the timing of these investments.
45. The BLPC predicates its ability to fund the CETP on the timely recovery of the investment costs through rebalanced rates.
46. Table 3A outlines the projected annual capital spend and associated revenue requirements of the CETP. The table shows the CETP investments requiring a CETR adjustment of, on average, five cents per kWh (\$0.05/kWh) over the initial four-year period. The BLPC anticipates the CETR would be \$0.032/kWh in 2021 and increase to \$0.046/kWh in 2022.

**Table 3A: CETR Projected Revenue Requirement**

	2020	2021	2022	2023	2024
CETP Capital Spending (\$M)	\$138.0	\$27.9	\$25.2	\$41.0	\$44.0
Revenue Requirement (\$M)	-	\$23.3	\$44.8	\$48.7	\$63.4
<b>CETR Recovery (\$/kWh)</b>	-	<b>\$0.032</b>	<b>\$0.046</b>	<b>\$0.050</b>	<b>\$0.065</b>
<b>Rate of Return with CETR</b>	<b>5.42%</b>	<b>6.11%</b>	<b>6.01%</b>	<b>3.50%</b>	<b>4.15%</b>

47. In addition to facilitating the accelerated deployment of renewable generation, the CETP investments for recovery through the CETR over the next four years are anticipated to result in fuel cost savings to customers, which will offset some or all of the revenue requirements associated with the CETP over the initial four-year period. The level of fuel savings realized will depend on the market price of fuel over the CETP investments' commissioning period. To provide an example of the potential range of fuel savings possible, three fuel price scenarios are presented in Table 4A.

**Table 4A: CETP Potential Fuel Savings & Bill Impacts**

	2020	2021	2022	2023	2024
<b>Low Fuel Price Scenario</b>					
Fuel Cost Savings (\$M)	-	\$26.0	\$46.9	\$35.6	\$40.9
Fuel Cost Savings (\$/kWh)	-	<b>\$0.03</b>	<b>\$0.05</b>	<b>\$0.04</b>	<b>\$0.04</b>
<b>Net Bill Impact (\$/kWh)</b>	-	<b>\$0.005</b>	<b>(\$0.002)</b>	<b>\$0.014</b>	<b>\$0.024</b>
<b>Expected Fuel Price Scenario</b>					
Fuel Cost Savings (\$M)	-	\$30.9	\$60.9	\$58.4	\$68.3
Fuel Cost Savings (\$/kWh)	-	<b>\$0.032</b>	<b>\$0.063</b>	<b>\$0.060</b>	<b>\$0.069</b>
<b>Net Bill Impact (\$/kWh)</b>	-	<b>(\$0.000)</b>	<b>(\$0.017)</b>	<b>(\$0.009)</b>	<b>(\$0.004)</b>
<b>High Fuel Price Scenario</b>					
Fuel Cost Savings (\$M)	-	\$35.7	\$74.7	\$81.0	\$95.6
Fuel Cost Savings (\$/kWh)	-	<b>\$0.04</b>	<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.10</b>
<b>Net Bill Impact (\$/kWh)</b>	-	<b>(\$0.005)</b>	<b>(\$0.031)</b>	<b>(\$0.032)</b>	<b>(\$0.032)</b>

48. The *Expected Fuel Price Scenario* is based on the reference fuel price projection published by the U.S Energy Information Administration (EIA) in their Annual Energy Outlook 2020. The Expected Fuel Price Scenario was adjusted for the variability in international prices observed over the past five years to derive the Low Price and High Price scenarios in Table 4A.
49. The CETP investments are projected to result in fuel cost savings of between three cents per kWh (\$0.03/kWh) and seven cents per kWh (\$0.07/kWh) over the period. However, the CETP investments could result in a marginal net bill increase in the less likely low fuel price scenario. In the expected fuel price scenario, the fuel cost reduction will offset the CETP investment costs.
50. The CETR will facilitate the implementation of the CETP and will provide benefits in several areas: (1) bring flexibility required to achieve the clean energy transition by enabling investments that will strengthen the reliability and resiliency of the grid through grid modernization and more efficient generation; (2) deliver fuel cost savings to customers; (3) reduce rate shock; and (4) permit more efficient cost recovery. These enable the BLPC to provide the bill savings and increased reliability and resiliency in an expedient manner.
51. The BLPC proposes that the design of the CETR should include the following elements:
  - a. The Commission will pre-approve the capital projects that comprise the CETP. The approval process would be conducted at three levels. Level 1: Pre-approvals of a broad category of expenditure items to form the CETP; Level 2: Pre-approval of the capital budget of specific projects to be developed under the CETP; Level 3: Approval of specific project costs to be recovered annually through the CETR.



- b. The CETR will allow for the recovery of revenue requirements for prudently incurred investments and financing, including all appropriately capitalized costs associated with the CETP.
- c. The CETR Revenue Requirement will be the sum of the annual Depreciation Expense, related taxes, operation and maintenance expenses and the allowed return on the CETP investments. The rate of return on the CETP investments shall be the authorized rate of return of 10% approved in the Commission's 2010 Rate Decision.
- d. Adjustments to rates under the CETR would be implemented annually by the BLPC to reflect completed projects included in the CETP. The CETR will be file for specific projects by March 1 of each year. The adjustment to rates under the CETR would become effective for service rendered on and after June 1 of the corresponding year.
- e. In the event, the CETR adjustment is higher than the fuel cost avoided, a cap may be considered on the increase in customers' bills in any one year. The revenue requirement over the cap would be placed into a regulatory asset account for recovery in subsequent years.
- f. Any CETR Revenue Requirements over this notional cap would be deferred, with interest, at the prime lending rate and added to the CETR Revenue Requirements for recovery in a subsequent year(s).
- g. Adjustment to base rates would occur as part of a general rate review filing. As part of the general rate review, the undepreciated portion of the CETR would be subsumed into the overall revenue requirements utilized to determine Base Rates.

## **E. STATUTORY PROVISIONS UNDER WHICH THE APPLICATION IS BEING MADE (Rule 26(1) (c) of the Rules)**

52. Section 16 of the URA provides that where the Commission has not fixed a period of time per 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 utility services.
53. Section 2 of the URA defines “principles” as “the formula, methodology or framework for determining a rate for a utility service.” In keeping with this definition, the CETR is deemed a formula for the purposes of the URA.
54. Section 2 of the URA further sets out that the term “rates” includes every rate, fare, toll, charge, rental or other compensation of a service provider; a rule, practice, measurement, classification or contract of a service provider relating to a rate; and a schedule of tariff respecting a rate.
55. Additionally, the BLPC has structured its Application and the order being sought per Rule 26 of the Rules.
56. The BLPC’s Application will result in a mechanism that will modify the principles for determining customers’ rates and therefore this Application, made pursuant to Section 16 of the URA and Rule 26 of the Rules, forms the statutory basis on which the Commission may act in relation to granting our request.

## **F. NATURE OF ORDER BEING SOUGHT**

57. The BLPC requests that the Commission approves the establishment of a Clean Energy Transition Rider (CETR).
58. The BLPC further requests approval of the CETR as the mechanism to recover the cost associated with its Clean Energy Transition Programme (CETP).



59. The BLPC also requests that the broad categories of items identified in this Application be allowed to form the CETP.

#### **G. PERSONS AFFECTED BY THE APPLICATION (Rule 26 of the Rules)**

60. Pursuant to Rule 26 (4) of the Rules, the Applicant advises that it is impractical to set out all the names and addresses of each customer affected by the Application because they are too numerous. However, the persons affected can generally be described as customers of the Applicant that fall within our customer classes or tariff groups. These customers are affected because the Applicant supplies service to them.

#### **H. SUMMARY**

61. The CETR's design provides the BLPC with a means to efficiently and cost-effectively invest in strengthening the public grid's reliability and enhancing its resiliency.

62. The proposed CETR will allow recovery of costs associated with the CETP on a timely basis and simplify the adjustments to rates, which would include offsetting fuel cost savings during the clean energy transition.

63. Given the size and frequency of the investments under the CETP, without the timely recognition of costs in rates through the proposed CETR mechanism, the implementation of the CETP would require continuous rate case filings over the period of the CETP.

64. The traditional ratemaking process would require the BLPC to complete the CETP and other eligible investments and then initiate a formal general rate case filing to recover the costs associated with those investments. General rate filings are an expensive undertaking, with costs ultimately borne by customers.



65. The traditional ratemaking process also increases regulatory lag and regulatory uncertainty associated with the recovery of the CETP and other investments. The CETR, however, provides an opportunity to lower costs to customers by facilitating the completion of the CETP's projects that will improve operating efficiencies, reduce fuel costs to customers, and enhance the network's reliability and resiliency.

66. The Clean Energy Transition Rider (CETR) is well-grounded in traditional ratemaking principles and precedents. Approving it will provide the BLPC with the flexible and efficient mechanism needed to facilitate investments in the future reliability and resilience of the grid as Barbados transitions towards its national clean energy targets.

**DATED THIS 19<sup>th</sup> DAY OF JUNE, 2020**

SIGNED BY:  .....

**ADRIAN CARTER**

**THE APPLICANT'S REPRESENTATIVE AND DULY AUTHORIZED OFFICER**

**APPLICANT'S ADDRESS:** THE BARBADOS LIGHT & POWER COMPANY LIMITED

GARRISON HILL

ST. MICHAEL

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