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MINISTRY OF FINANCE

P. O. BOX N-3017
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NASSAU, BAHAMAS

May 24, 2018

Mrs. Florencia Attademo-Hirt
Representative
Inter-American Development Bank
East Bay Street
Nassau, Bahamas

Dear Mrs. Attademo-Hirt,

RE: Inter-American Development Bank (IDB)
IDB Energy Mission BH – T1064 (Mission Findings)
“Supporting Clean Energy Investments in The Bahamas”
Recommendations

In regards to the captioned subject, please be advised that the Ministry of Finance has no objection to the Bank assisting the Ministry of Public Works and Utilities, through grant resources, in advancing an Alternative Energy project.

Should you require further clarification in this regard, please do not hesitate to contact the undersigned.

Sincerely,

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

Carl Oliver
(for) Financial Secretary

Insert e-mail from BPL here...

IDENTIFICATION MISSION:

BH-T1064 “Supporting Clean Energy Investments in The Bahamas”

22-26 January, 2018

22-27

KEY FINDINGS

Mission Objective: support the sustainability of planned and existing public-private investments in clean and renewable energy (RE) and energy efficiency (EE), by providing regulatory support, capacity building, expert advice, and dissemination and coordination assistance to public sector energy entities, the regulator, and private sector stakeholders.

Mission Members: Malaika Masson, Team Leader; Juan Roberto Paredes, Mission Co-Leader; Odile Johnson-Naveo, Mission Member, from the IDB Energy Division. From the Bahamas Country Office, Charlene Small, and Michelle Evans, Private Sector team members; and Syreta Roberts, Operations Analyst.

Stakeholder Meetings: The IDB team met with representatives of BPL; URCA; Ministry of Public Works; Ministry of Environment & Housing; Arawak Port Development Ltd; Nassau Airport Development Company Ltd; and Commonwealth Brewery.

Key findings: Stakeholders requested that technical assistance from the IDB addresses strategic energy planning, stakeholder coordination, technical analyses, and training needs. Key identified needs were:

1. **An independent facilitator/mediator to support coordination, trust and consensus among key energy stakeholders and to outline an Action Plan in line with key policy goals (particularly the renewable energy goal) articulated in the National Energy Policy/Electricity Act. Estimated cost \$100k**
 - Stakeholders identified a need for a forum to bring the stakeholders together, a Plan of Action to revise and map out the key priorities to achieving important policy goals such as obtaining 30% renewable energy within the energy matrix by 2030 and a dedicated technical team that would be well-resourced to implement the Plan in close coordination with key stakeholders.
2. **Urgently attend to investors’ concerns regarding their clean energy projects submitted to URCA and/or BPL for approval, licensing, and inter-connection. Estimated cost \$450k**
 - Understanding the potential for clean energy investment in The Bahamas requires a clear understanding of the implications on grid stability, location of technology options and costs to consumers. An Integrated Resource Plan (IRP) can define these objectives in the context of the Government’s target of 30% renewable energy on the grid by 2030. Aligned with this IRP, an agreed set of procedures, process, roles, responsibilities, will need to be clarified to bring certainty to investors regarding next steps around their submitted proposals for clean energy investments.

3. **Technical analysis to provide options and comparable information for energy decision-makers. Individual estimated costs below, total estimated costs \$800k**
 - Among the priority technical issues identified that can possibly be delivered as standalone analyses are: (i) Fuel Conversion Feasibility Study for the Blue Hills and Clifton Pier (estimated cost \$100k); (ii) Key performance indicators for Licensees (estimated cost \$30k), (iii) Tariff Methodologies for Renewable Energy (estimated cost \$170k). Technical studies that will require more consultation and definition include (i) Clifton Pier Remediation Analysis (estimated cost \$200k), (ii) Abaco Energy Supply Options (estimated cost \$150k), and (iv) Clean Energy Certification & Standards (estimated cost \$150k).
4. **Support energy planning expertise, capacity and leadership. Individual estimated costs below, total estimated costs \$600k**
 - Stakeholders noted the dynamic nature of the energy sector given falling costs of renewable energy technologies and storage and the emergence of LNG as a support fuel for intermittency but also with strong potential in other areas, such as shipping (given International Maritime Organization regulations on Sulphur limits). To capture these dynamics and make it relevant to the short and medium-term energy investments in The Bahamas, more support is needed across Government agencies to coordinate policy priorities, planning horizons, regulation and the supervision of performance. Links among BPL, URCA, Ministry of Public Works, Ministry of Environment & Housing would benefit from a technical planning unit (estimated cost \$500k), and training for all stakeholders (estimated cost \$100k).

Next Steps: Receive guidance on needs to prioritize given limited availability of grant resources (about \$400k), and related no-objection from the technical Ministries involved and the Ministry of Finance. One way to proceed would be to start with need #1, a few selected technical analyses under need #3, and training activities under need #4, as a first phase of assistance. Assuming decisions are made in February, the technical assistance would be available between May 2018 and December 2019.

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NASSAU, BAHAMAS

September 28, 2018

Mr. Michael Nelson
Representative (a.i)
Inter-American Development Bank
IDB House
East Bay Street
P.O. Box N-3743
Nassau, Bahamas

Dear Mr. Nelson,

Re: Inter-American Development Bank (IDB)
BH-T1064 - Supporting Clean Energy Investments in The Bahamas

In reference to the captioned subject, please be advised that the Ministry of Finance has no objection to the Bank executing this technical cooperation (TC). The Prime Minister's Delivery Unit has recently begun to facilitate policy discussions and activities around a Renewable Energy Plan, and would therefore be grateful for IDB assistance in executing the activities under this TC.

Should you require thither clarification in this regard, please do not hesitate to contact the undersigned.

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Carl Oliver
(for) Financial Secretary