



# **URCA DRAFT ANNUAL PLAN**

## **2023**

**URCA 2023**

**Issue Date: 21 December 2022**

**Response Date: 10 February 2023**



# Contents

- 1. Introduction ..... 4
  - 1.1 Structure of the Annual Plan ..... 4
  - 1.2 Responding to this Draft Plan ..... 5
- 2. Strategic Overview for 2023 ..... 6
- 3. Priorities for 2023-2024 ..... 8
  - 3.1 Projects Carried Over from 2022 ..... 8
  - 3.2 URCA General Priorities for 2023-2024 ..... 9
  - 3.3 Government and International Relations Priorities for 2023-2024 ..... 10
  - 3.4 Corporate and Consumer Relations Priorities for 2023-2024 ..... 11
  - 3.5 Electronic Communications Sector Priorities for 2023-2024 ..... 11
  - 3.6 Electricity Sector Priorities for 2023-2024 ..... 13
- 4. Key Performance Indicators for 2023 ..... 15
- 5. Budget for Fiscal Year 2023 ..... 18
  - 5.1 Overview ..... 18
  - 5.2 Electronic Communications Sector Budget 2023 ..... 20
  - 5.3 Electricity Sector Budget 2023 ..... 21
- 6. Project Description and Progress Update ..... 23
  - 6.1 Description and Progress Update on 2023 General Projects ..... 23
  - 6.2 Description and Progress Update on 2023 Electronic Communications Sector Projects ..... 24
  - 6.3 Description and Progress Update on 2023 Electricity Sector Projects ..... 27

# 1. Introduction

Section 41 of the Utilities Regulation and Competition Act (the “URCA Act”) instructs URCA to publish an annual plan that shall —

- (a) set out URCA's strategy for the forthcoming financial year to meet the objectives set out in any regulated sector law;
- (b) set out the broad priorities of URCA for the two years following the forthcoming year, provided that these may require adjustments in light of any sector policy published by the Government in any regulated sector under the terms of any law;
- (c) Include a series of key performance indicators against which it shall measure its performance during the forthcoming year;
- (d) Include the level of remuneration to be received by non-executive and executive members for the forthcoming year; and
- (e) Set URCA's budget based on its target activities for the forthcoming year.

URCA is pleased to publish this Draft Annual 2023 (the "Annual Plan") to fulfil the Section 41 requirements.

## 1.1 Structure of the Annual Plan

This Annual Plan is structured as follows:

- Section 2 sets out URCA's strategy for meeting the objectives set out in the Electronic Communications Act, 2009 (the "Comms Act") and the Electricity Act, 2015 (the "Electricity Act").
- Section 3 sets out the broad priorities of URCA for 2023 and 2024.
- Section 4 includes a series of key performance indicators against which URCA shall measure its performance during the forthcoming year; and
- Section 5 outlines URCA's proposed budget for the upcoming financial year, including the level of remuneration to be received by staff and non-executive and executive members of the Board in the fiscal year 2023.

## 1.2 Responding to this Draft Plan

URCA invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this Draft Annual Plan. The timeline and steps for responses to this Annual draft Plan are as follows:

1. Respondents should send all submissions to this Consultation by 5:00 p.m. on or before 10 February 2023.
2. URCA will publish the responses to this Consultation along with its Statement of Results and Final Decision by 5:00 pm on or before 17 March 2023.
4. URCA intends to publish the final version of its Annual Plan by 28 April 2023.

Before the publication of the Annual Plan, and as part of the Consultation on the Draft Annual Plan, URCA will hold at least one stakeholder forum to present the Draft Annual Plan and allow key stakeholders (licensees, government agencies, and civil society) to provide input. URCA has tentatively scheduled a virtual forum for 2 February 2023.

Respondents should address written submissions or comments on the Draft Annual Plan to URCA's Chief Executive Officer with the subject line "URCA Draft Annual Plan". Submissions can be made by:

- hand to URCA's office at Frederick House, Frederick Street, Nassau;
- mail to PO Box N-4860, Nassau, Bahamas;
- fax to 242 393 0237; or
- email to [info@urcabahamas.bs](mailto:info@urcabahamas.bs).

## 2.Strategic Overview for 2023

In this section, URCA sets out its strategy for meeting the objectives of the Comms Act, the Electricity Act, and the related sector policies.

As the regulator of the Electronic Communications Sector (ECS) and Electricity Sector (ES), URCA concentrated primarily on facilitating sector responses to the COVID-19 pandemic, which created a paradigm shift in the national and global reliance on telecommunications and electricity. The heightened dependence on Internet Communication Technologies (ICTs) resulted in an exponential demand for ubiquitous deployment of electronic communication services and reliable energy supply supported by a high quality of service to consumers. URCA's licensees, in both sectors, are introducing innovative approaches to meet the growth in demand for their services and restore normalcy of operations across social and economic sectors. In the past three years, URCA has attempted to remain agile and adaptive to respond to stakeholder needs in the dynamic environment caused by the COVID-19 Pandemic. This approach significantly impacted URCA's work plan in 2022.

In 2023, URCA will take a more strategic approach to deliver on its mission of "improving lives through effective utility regulation". URCA intends to measure its performance against the objectives established in the Annual Plan with the full implementation of URCA's Organizational Performance Index, designed to effectively measure its impact on the regulated sectors. Additionally, URCA will develop and implement a well-researched assessment tool to more accurately determine the allocation of its operational costs across the regulated sectors. These tools will assist the leadership team in ensuring that URCA's activities reflect its strategy, industry needs, consumer preferences, and government policy objectives and help drive URCA's strategic imperatives, which include:

- **Creating an impact** that reflects URCA is furthering the interests of the public (quality, price, reliability, efficiency and value for money);
- **Building Stakeholder** confidence in URCA's activities;
- **Developing internal processes** that are practical and functional through oversight, governance, development of regulations, and procedures for interaction with consumers; and
- **Sustaining the learning and growth** of employees to ensure the organisation remains skilled, collaborative, motivated, internationally aware and internally motivated.

URCA's strategic approach will assist the leadership with navigating the stages of the regulatory cycle by aiding leadership and their teams with the following:

- Identifying impactful and needed regulatory projects;
- analysing and justifying any proposed intervention and the outcomes;
- explaining the strategic and economic rationale for the intervention;
- gathering relevant information;
- ensuring timely production of consultations and decision-making;
- reviewing the decision against the original objectives;
- using a post-project review, identifying the extent of compliance by licensees; and
- assessing ex-post, consumer, stakeholder and industry impact.

As in previous years, URCA will approach its overarching objectives under three main categories of work: (1) General, (2) ECS-related Projects and (3) ES-related Projects. General projects include projects applicable across both the electronic communications and electricity sectors and projects that advance other organisational objectives. ECS-related projects should bridge gaps in the electronic communications sector's regulatory, licensing compliance and enforcement framework. Similarly, ES-related projects aim to bridge gaps in the electricity sector's regulatory, licensing, compliance, and enforcement framework.

URCA reminds its stakeholders that all projects fall into two categories: Tier I or Tier II. Tier I projects are significant and urgent in the regulated sectors; therefore, URCA will ensure that it directs all available resources to achieve completion according to scheduled dates during the current year. Tier II projects are also directly crucial to the organisation or regulated sectors. Though URCA undertakes to complete these projects in the shortest possible timeframe, URCA does not commit to a scheduled date or specific trimester for the completion of Tier II projects for one or more of the following reasons:

- There is heavy dependence on external stakeholder input or approval;
- There needs to be more certainty about adequate resources to complete the project within a specific timeline; and/or
- URCA has limited control over the completion date (e.g., approval is external to URCA).

By taking a more strategic approach and intentionally driving performance to higher levels by measuring impact, stakeholder confidence, the effectiveness of internal processes and the sustainability of our learning and growth programs, URCA will meet the objectives of the Comms Act, the Electricity Act, and the related sector policies.

## 3. Priorities for 2023-2024

In this section, URCA sets out its priorities for the years 2023 and 2024. The priorities in this section reflect and advance the Electronic Communication Sector Policy (ECSP) and the National Energy Policy (NEP). Therefore, if necessary, URCA may adjust these priorities to remain in-step with any sector policy published by the Government of The Bahamas in any regulated sector under the terms of the Comms Act, the Electricity Act or any relevant law.

### 3.1 Projects Carried Over from 2022

In the 2022 Annual Plan, URCA committed to undertaking three general projects, ten ECS-related projects and eight ES-related projects. However, in 2021 and 2022, unexpected team member turnover led to shortfalls in the project teams that adversely impacted the advancement of some projects. It is important to note that two of the projects to be carried over (i.e., Review of the Universal Service Framework and Review of Public Service Broadcasting Framework) require input from the Government and/or the finalisation of the 2023 – 2026 ECS policy.

Additionally, the 2021 General Elections led to a change in Government and, subsequently, new government policy objectives that required adding several high-priority ad hoc projects to URCA's 2022 workplan. Reallocating financial and human resources to priority ad hoc projects created constraints in completing some of the projects named in the 2022 Annual Plan. URCA will give a complete account of the ad hoc projects in the 2022 Annual Report, which it will publish in the first trimester of 2023. URCA will continue its work on most of those projects in 2023. Table 1 lists the projects that URCA will carry over to the 2023 workplan.

Table 3.1: Projects from the 2022 Workplan That Will be Carry Over to the 2023 Workplan

<b>General Projects Carried Over to 2023</b>	<b>Electronic Communication Sector Projects Carried Over to 2023</b>	<b>Electricity Sector Projects Carried Over to 2023</b>
Implementation of URCA OPIs	Review of Public Service Broadcasting Framework	Efficiency Study



Review of the Spectrum Management	Technical Standards for the Electricity Sector
Review of the Universal Service Framework	Licensees Annual Plant & Operations Inspections
Review of Fixed Services, including Pay TV	Generation Licence
ICTs for Persons with Disabilities	Competition Guidelines for the ES
Review of Code of Practice for Content Regulation	Battery Storage Integration
	Guidelines for Regulatory Accounting

### 3.2 URCA General Priorities for 2023-2024

While the critical elements of the URCA 2017 Strategic Plan remain relevant, the experience of the COVID-19 Pandemic has created a need for an organisational review. In 2023, URCA's projects and initiatives will concentrate on achieving the following:

- The development of a revised Strategic Plan that builds on URCA's 2017 Strategic Plan, establishing new fit-for-purpose priorities based on a vision and mission that drives the organisation to achieve its annual objectives.
- A well-researched and developed assessment tool to determine the allocation of URCA's operational costs more accurately to the currently regulated sectors.
- The full implementation of URCA's Organizational Performance Index which is designed to measure URCA's impact on the regulated sectors effectively.
- The capacity-building priority focuses on developing and retaining expertise and creating a knowledge and performance-based culture that inspires stakeholder confidence in URCA's ability to regulate the sectors effectively.
- The expansion of URCA's collaborative regulatory approach initiated in 2021 to engage a broader cross-section of ECS and ES stakeholders, cross-sector regulators, and critical national and international agencies to explore different perspectives on critical vital issues.

Table 3.2 contains the list of projects URCA's leadership team will embark on or progress in 2023 to address the general priorities mentioned above.

Table 3.2: List of 2023 General URCA Projects

Project	Proposed Start Period	Proposed End Period	Consultation Publication Date	Final Decision Publication
<b>General Projects</b>				
Implementation of URCA OPIs	T1, 2022	T3,2023	N/A	N/A
Allocation of Indirect Costs	T1, 2023	T3, 2023	N/A	N/A
Redevelopment of URCA's website	T1, 2023	T3, 2023	N/A	N/A

Note: T1 means Trimester 1(JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

### 3.3 Government and International Relations Priorities for 2023-2024

In 2022, URCA revised its approach to international and government relations, which included the formation of the International & Government Relations Unit (IGRU) to focus on the related strategic imperatives. In 2023, URCA will ensure a balanced approach to addressing international matters germane to the ECS and the ES.

IGRU will work with The Bahamas Ambassador to the International Telecommunication Union (ITU) to advance the ICT policy objectives of the Government of The Bahamas at the ITU Council, Organization of American States (OAS), Inter-American Telecommunications Commission (CITEL), and Caribbean Telecommunications Union (CTU). A more focused and strategic international engagement programme in 2023 will form greater alliances with other small island developing states (SIDS) to influence initiatives and changes at international and regional bodies that are universally beneficial to growth and development.

### **3.4 Corporate and Consumer Relations Priorities for 2023-2024**

The public can expect more activities and initiatives specifically designed to help all sectors of society better understand the relationship between regulation and access to regulated services. URCA will reintroduce Regulation 101 workshops and forums for members of the media, civil society, and senior technical officers. URCA expects that through the efforts of its Corporate and Consumer Relations Department and IGRU, there will be increased access to regional and international resources, such as capacity building and technical support for further infrastructure development within both sectors.

Also, URCA plans greater involvement with those local government agencies, industry, and civil society whose work impacts the output of both regulated sectors. This involvement will include regular sessions with ministry officials responsible for the regulated sectors to provide updates on regulatory development both locally and internationally and, where possible, to collaborate for the further development of the two regulated sectors.

### **3.5 Electronic Communications Sector Priorities for 2023-2024**

In the electronic communications sector, digital transformation and integration became commonly used as national governments, public sector agencies, commercial businesses, and the entire society grappled to adjust to what has become the "new normal". The acceleration of digital transformation has changed the world but integrating the world's population into this new technological age is a journey. Though advanced in the major population centres, for SIDS like The Bahamas, the journey remains a significant struggle that demands a unified, systematic, and well-structured approach. The challenge is particularly true regarding accessibility and affordability in many of our Family Islands.

In 2023, to address those challenges, amongst other things, the regulatory team for the electronic communications sector will concentrate on the following:

- addressing the challenge of accessibility and affordability of telecommunications services in unserved and underserved Family Island communities;
- facilitating the ongoing digital transformation initiatives that are vital to national growth and development;
- developing a new ECS Sector Policy that reflects the Government's vision and objectives for the sector for the next three years;

- implementing a digitized approach to consumer protection and a focused public education and engagement campaign aimed at creating more enlightened subscribers; and
- creating a more structured approach to The Bahamas' involvement in the work of international telecommunications organisations.

Table 3.3 contains the list of projects URCA's ECS regulatory team will initiate or progress in 2023.

**Table 3.3: The List of 2023 Electronic Communication Sector Projects and Anticipated Key Publication Dates**

<b>Project</b>	<b>Proposed Start Period</b>	<b>Proposed End Period</b>	<b>Consultation Publication Date</b>	<b>Final Decision Date</b>
<b>TIER I PROJECTS</b>				
Review of Licences Due to Expire	T1, 2023	T3, 2023	N/A	N/A
Review of the Consumer Protection Regulations	T1, 2023	T3, 2023	T3, 2023	T3, 2023
Review of the Electronic Communications Sector Policy	T1, 2023	T2, 2023	T1, 2023	T3, 2023
Review of the Quality of Service Framework	T1, 2023	T2, 2023	T2, 2023	T3, 2023
Review of Universal Service Obligations Framework and Implementation	T2, 2023	T3, 2024	T3, 2024	T3, 2024
Review of Fixed Services, Including Pay TV	T3, 2019	T3, 2023	T3, 2023	T3, 2023
Spectrum Management Project	T1, 2018	T3, 2023	N/A	N/A
Public Service Broadcasting Framework	T1, 2023	T3, 2023	T2, 2023	T3, 2023
Public Consultation on 5G	T2-2022	T1-2023	T1-2023	T1-2023
<b>TIER II PROJECTS</b>				
ICTs for Persons with Disabilities	T2, 2018	T3, 2024	T3, 2024	T3, 2024
National Spectrum Plan 2024-2027	T2, 2023	T2, 2024	T2, 2024	T2, 2024

Note: T1 means Trimester 1(JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

### 3.6 Electricity Sector Priorities for 2023-2024

Renewable energy has been an area of exploration in the electricity sector but with limited success. Developing renewable energy plants in Family Island communities is now viewed as the alternative to traditional fossil fuel plants. Increasing numbers of Bahamians across the archipelago are investing in renewable energy as a supplementary or primary electricity supply. URCA must promote the effective integration of renewable energy into the country's energy mix.

To address these challenges in 2023, the ES regulatory team will concentrate on the following:

- the challenge of accessibility and affordability of electricity services in unserved and underserved Family Island communities;
- the quality of electricity services throughout The Bahamas; and
- a more structured approach to The Bahamas' involvement in the work of the regional and international energy organisations.

Table 3.4 lists the projects URCA's regulatory team will progress in 2023. The list comprises uncompleted projects from the 2022 Annual Plan.

Table 3.4: The List of 2023 Electricity Sector Projects and Anticipated Key Publication Dates

Project	Start Period	End Period	Consultation Publication Date	Final Decision Publication Date
<b>TIER I PROJECTS</b>				
Licensees Annual Plant & Operations Inspections	T1, 2021	T2, 2023	T1, 2023	T1, 2023
Technical Standards for the Electricity Sector	T1 2023	T3, 2023	T2,2023	T2, 2023
Generation Licence	T1 2023	T3, 2023	T2, 2023	T2, 2023
Account Separation Guidelines for ES	T2, 2023	T3 2023	T2, 2023	T2, 2023
Battery Storage Integration	T1, 2022	T3 2023	T3, 2022	T1, 2023

<b>TIER II PROJECTS</b>				
Efficiency Study Audit	T2, 2023	T1, 2024	T1, 2024	T1, 2024
Competition Guidelines and Rules for the ES	T3, 2023	T1, 2024	T1, 2024	T1, 2024

Note: T1 means Trimester 1(JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

## 4.Key Performance Indicators for 2023

Section 41 of the URCA Act requires URCA to publish a series of key performance indicators (KPIs) against which it shall measure its performance during the forthcoming year in the Annual Plan. Tables 4.1-4.5, in this section, identify the KPIs URCA will use to measure its performance in 2023.

Table 4.1: URCA’s 2023 Statutory/Regulatory KPIs

<b>Statutory/Regulatory</b>
Was the Draft Annual Plan & Strategy published before the end of the financial year? YES/NO
Was the Annual Report and final Annual Plan published within four months of year-end? YES/NO
Were Final Determinations published within one month from the closing date for comments on Preliminary Determination? YES/NO
Percentage of public consultations started within the period stated in the Annual Plan.
Time to publish results, decisions, and other regulatory measures after the close of consultation: 45-60 days 60-90 days >90 days
Consumer Complaints
Number of complaints received
Percentage of total complaints resolved.
Complaints unresolved for >60 days and
Average time taken to resolve complaints
Licenses issued within:
30 days - individual licences
45 days - class licences
Volume of claims processed in the year

Table 4.2: URCA's 2023 Finance KPIs

Finance
Cost of the Finance function as a percentage of total operating expenditure
Period-end cycle time (working days to close)
Year-end cycle time (working days to complete)
Forecasting accuracy
Cost of Licensee invoicing
Debtor Days
Number and Value of Creditor Notes and Adjustments
Long outstanding debt (>90 days) as a percentage of total debt

Table 4.3: URCA's 2023 HR KPIs

HR
Cost of the HR function as a percentage of expenditure
Cost of HR function per team member
The ratio of employees (full-time equivalent) to HR staff
Average days for the full-time team member invested in learning and development per year.
Cost of learning and development activity as a percentage of total payroll
Cost of advisors as a percentage of the total payroll
Percentage of roles filled by permanent and contract staff
Average lapse time (working days) from vacancy/advertisement occurring to the acceptance of an offer for the same post
Percentage of people in the role after 12 months of service
The percentage of employees who left the organisation during the year

Table 4.4: URCA's IT 2023 KPIs

IT
Cost of IT functions as a percentage of total expenditure
Organisational ICT spending (investment in ICT infrastructure & hardware across the organisation)
Percentage who can access the network and system remotely



Table 4.5: 2023 URCA OPIs

URCA OPI
Strategic Development OPI
Governance of Regulations OPI
External Engage and Organization Efficiency OPI

As shown in Tables 4.1- 4.5, URCA will continue to evaluate its effectiveness, the same as in previous years, through (1) identification and adoption of appropriate KPIs based on statutory requirements and regulatory and management best practices, (2) measurement and monitoring of those KPIs; and (3) publication of the results in the Annual Report on its operations and performance. In addition to the series of key performance indicators URCA used to measure its performance in the past, in 2023, URCA will also measure its performance using the URCA Organizational Performance Indexes. URCA will tabulate the results and include them in URCA's 2023 Annual Report, which it will publish by the end of April 2024.

## 5. Budget for Fiscal Year 2023

This section sets out URCA's budget based on its target activities for the fiscal year 2023. It includes the level of remuneration to be received by the staff and non-executive and executive members of the Board in 2023.

### 5.1 Overview

URCA will ensure sufficient finances to meet its regulatory mandate and deliver the best possible service to its stakeholders. In so doing, URCA will also ensure that it provides a full accounting of its activities as required by Section 41(1)(b) of the URCA Act.

URCA's draft 2023 Budget is separated into discrete budgets for the ECS and the ES in accordance with section 39 of the URCA Act. These budgets have anticipated the level of expenditure necessary to provide regulatory supervision of both sectors. As such, the budgets seek to recover the same through the imposition of fees on licensees in the ECS and the ES in accordance with section 92 of the Communications Act, 2009 and section 54 of the Electricity Act, 2015.

The combined draft budget for URCA's activities (including both ECS and ES regulation) is set out in Table 5.1 below, as compared with budgeted expenditure for the two preceding years.

**Table 5.1 - URCA Draft Budget 2023**

Category	2021	2022	2023
Staff Costs	2,550,296	3,117,637	3,195,457
Non-Executive Compensation	184,000	184,000	408,000
Executive Compensation	444,685	473,773	486,100
Professional Services	882,000	640,000	967,900
Conferences, Training, and Travel	68,680	96,521	627,500
Premises Costs and Utilities	372,500	212,200	313,500
Consumer Education and Public Relations	273,000	276,000	173,000
Office Services	167,300	182,700	264,000

Information Technology	224,000	210,500	271,500
General and Administrative Expenses	754,301	857,000	962,100
<b>Total Operations Expenditure (OPEX)</b>	<b>5,920,762</b>	<b>6,250,331</b>	<b>7,684,057</b>
Depreciation	296,835	447,670	274,100
<b>Total Operating Budget Recovered through URCA fees</b>	<b>6,217,597</b>	<b>6,698,001</b>	<b>7,958,657</b>
<b>Capital Expenditure</b>	<b>675,500</b>	<b>532,400</b>	<b>2,861,500</b>

Overall, URCA proposes an increase to its operating budget (excluding depreciation) for 2023 by approximately 23% compared to 2022. Some of the key changes are explained below:

- In 2022, URCA's staff count increased by one person to 36 at the end of the year, notwithstanding budgeting for a headcount of 42; onboarding of new hires budgeted for in 2022 either concluded later in the year than anticipated or did not occur as planned. Additionally, the increased staff compensation budgeted for 2022 resulting from the Compensation Study has been deferred to 2023. In 2023, URCA again seeks to expand its staff complement, growing from 36 to 42 staff. As a result, URCA's Staff Costs are projected to increase modestly by 3%, reflecting continued efforts to effectively staff the organisation, ensuring that the sectors are appropriately regulated.
- Budgeted spending on Professional Services in 2023 will increase by 51% year over year due to new regulatory projects (specifically in the Electricity Sector) and continuation to completion of 2022 projects. Regulatory projects, including various surveys, reviews, market assessments, and litigation expected before the Utilities Appeal Tribunal (UAT) and Court for adjudication, are expected to either commence or continue in 2023.
- Spending on Conferences, Training and Travel will increase significantly by 566% due to the reallocation of the majority of the 2022 budget to fund the regulatory campaigns. In 2023, there is the anticipated resumption of in-person travel for regulatory meetings, renewed regulatory monitoring, staff training and up-skilling, and the hosting of two (2) regulatory fora.
- Premises costs and utilities increased by 48% year over year because of applying the previous year's residual budget to Budget 2022 line (\$130k) and, in Budget 2023, budgeting for an anticipated increase in utility rates and preventative maintenance.

- Consumer Education and Public Relations will increase by 11% due to ongoing or resumption of paused activities due to regulatory campaigns and increased consumer education initiatives.
- Office services increased by 45% due to anticipated finance costs of credit facility, employee engagement, and health and safety initiatives.
- Information Technology is budgeted to increase by 29% due to acquiring additional productivity software licences.
- URCA’s Capital Expenditure budget is anticipated to increase year over year as major capital projects, specifically Frederick House Infrastructure Improvement and smaller scaled projects such as the replacement of elevator and generator, are scheduled to commence during 2023.

## 5.2 Electronic Communications Sector Budget 2023

Table 5.2 shows a summary of URCA’s draft 2023 budget for its regulatory activities in the ECS compared to its budget for the preceding two years.

**Table 5.2 - ECS draft Budget 2023**

Category	2021	2022	2023
Staff Costs	1,469,689	1,793,176	1,903,185
Non-Executive Compensation	110,400	110,400	249,600
Executive Compensation	201,049	226,788	262,500
Professional Services	503,250	601,200	567,920
Conferences, Training, and Travel	36,935	40,834	468,000
Premises Costs and Utilities	265,425	144,330	225,275
Consumer Education and Public Relations	144,000	78,000	86,500
Office Services	131,975	137,700	200,875
Information Technology	179,200	168,400	217,200
General and Administrative Expenses	317,487	465,984	457,860
<b>Total Operations Expenditure (OPEX)</b>	<b>3,359,410</b>	<b>3,766,812</b>	<b>4,638,915</b>
<b>Depreciation</b>	<b>243,809</b>	<b>380,520</b>	<b>232,985</b>

<b>Total Operating Budget Recovered through URCA fees</b>	<b>3,603,219</b>	<b>4,147,332</b>	<b>4,871,900</b>
<b>Capital Expenditure</b>	<b>574,175</b>	<b>452,540</b>	<b>2,368,525</b>

Further explanation of each expense category in the ECS budget is set out below:

- Total operating expenditure (OPEX), exclusive of depreciation, is anticipated to increase in 2023 by 23% compared to the previous year in its steadfast efforts to promote the policy objectives of the ECS.
- Overall staff costs for the ECS have increased by 6% due to the proposed addition of new hires made necessary by the volume of work expected in the ECS during 2023 and ensuring sustainable human resources are available through effective succession planning and continued efforts being made for cross-training professional staff in both sectors.
- Professional services expenditure is anticipated to decrease by 5% over the previous year’s budget allocation because of carryover regulatory projects continuing into 2023, including scheduled market assessments, surveys, reviews, and litigation related to the ECS.
- Conferences, training and travel have significantly increased due to the resumption of in-person attendance at conferences, the hosting of high-level and cross-sector regulatory forums and staff participating in training opportunities.
- General and administrative expenses which include regulatory membership and related activities, are budgeted to decrease due to the expenditure made in 2022 to fund the ITU campaigns, including the successful retention of The Bahamas’ ITU Council seat.

### 5.3 Electricity Sector Budget 2023

Table 5.3 summarises URCA’s draft 2023 budget for its regulatory activities in the ES compared with its budget for the preceding two years.

Table 5.3 - ES draft Budget 2023

Category	2021	2022	2023
Staff Costs	1,080,608	1,324,461	1,277,473
Non-Executive Compensation	73,600	73,600	163,200
Executive Compensation	243,635	246,985	233,600
Professional Services	378,750	38,800	399,980
Conferences, Training, and Travel	31,744	55,687	174,500
Premises Costs and Utilities	107,075	67,870	88,225
Consumer Education and Public Relations	129,000	138,000	86,500
Office Services	35,325	45,000	63,125
Information Technology	44,800	42,100	54,300
General and Administrative Expenses	436,816	451,015	504,240
<b>Total Operations Expenditure (OPEX)</b>	<b>2,561,353</b>	<b>2,483,518</b>	<b>3,045,143</b>
<b>Depreciation</b>	<b>53,025</b>	<b>67,151</b>	<b>41,115</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>2,614,378</b>	<b>2,550,669</b>	<b>3,086,258</b>
<b>Capital Expenditure</b>	<b>101,325</b>	<b>79,860</b>	<b>462,975</b>

Explanations of changes in the major expense categories are as follows:

- Total operating expenditure (OPEX), exclusive of depreciation, is anticipated to increase in 2023 by 27% compared to the prior year, notwithstanding continued efforts to contain costs whilst ensuring the regulatory mandate of the Utilities and Energy sector is adequately addressed.
- Staff Costs are anticipated to decrease by 4% as the human resource element in the Utilities and Energy Department due to the rebalancing of indirect staff costs.
- Professional services expenditures are anticipated to increase significantly by 931% due to two (2) major regulatory projects planned and budget allocations for litigation and appeals.
- Conferences, training and travel costs are budgeted to increase due to a resumption of in-person training for staff that aligns with their designation and long-term planning strategies.

# 6. Project Description and Progress Update

## 6.1 Description and Progress Update on 2023 General Projects

In its 2022 Annual Plan, URCA committed to working on three General Projects. Those projects were:

1. Implementation of URCA Organisational Performance Indexes (OPIs),
2. Market and Consumer Protection Surveys, and
3. URCA 2023 Annual Plan.

In 2023, URCA will add two new projects to the list of general projects. The new projects are (1) The Allocation of Indirect Cost and (2) The URCA Digital Transformation Project. Considering the dense work plan for 2023 and limited resources, URCA has decided to forego the Market and Consumer Protection Survey in 2023. Below, URCA describes the 2023 general projects.

### **Allocation of Indirect Cost to the ECS and ES**

The Allocation of indirect Cost projects involves the development of a well-researched assessment tool that will allow URCA to ensure the allocation of its operational costs more accurately to the current regulated sectors. URCA intends to review its current allocation process of costs commonly incurred across the organisation to each of the two regulated sectors (Electricity and ECS) within its annual accounts.

### **Digital Transformation Project**

The Digital Transformation Project will involve the development of a digital transformation plan for URCA. The plan will consist of a phased methodology to implement URCA's new digital approach to consumer protection and a focused, comprehensive public education and engagement campaign to create more enlightened subscribers. In 2023, URCA will launch Phase 1, which will involve revamping the URCA website to increase functionality, ease website navigation and ensure high-quality content that addresses the needs of all stakeholders.

### **URCA Organisational Performance Indexes – Phase 1**

In 2020, URCA committed to initiating the phased implementation of the URCA OPI. On 9 July 2021, URCA published its Statement of Results and Final Decision on the Addendum to the Market Information Reporting Requirements for Specified Licensees in Electronic Communications (ECS 05/2021 and ECS

06/2021). URCA initiated a phased implementation in 2021 and committed to full implementation in 2023. In 2022, URCA made significant progress in implementing the URCA OPI by building and testing the tool URCA will use to track and measure URCA OPI in 2023. In this Annual Plan, for the first time, URCA has included the URCA OPI with the series of key performance indicators against which it shall measure its performance.

### **URCA 2023 Annual Plan**

Section 41 of the URCA Act instructs URCA to publish an annual plan. The publication of the Draft Annual Plan marks the fulfilment of the requirement. As previously noted, URCA intends to publish the final version of its Annual Plan 2023 and the Annual Report for 2022 by the end of April 2023.

## **6.2 Description and Progress Update on 2023 Electronic Communications Sector Projects**

In the 2022 Annual Plan, URCA committed to undertaking 10 ECS-related projects.

1. Public Consultation on 5G
2. Market Assessment – feasibility of the 3rd Mobile Operator
3. Review of the Public Service Broadcasting Framework
4. Review of Spectrum Management
5. Review of the Universal Service Framework
6. Review of Retail Fixed Services, including Pay Television
7. Review of URCA's Position on OTT Services
8. ECS Comprehensive Market Surveys
9. ICTs for Persons with Disabilities
10. Review of Code of Practice for Content Regulation

After the publication of the 2022 Annual Plan, URCA added several new projects to the 2022 workplan in response to microeconomic changes. These projects included, amongst others:

1. Draft Order Discounting Comms Fees
2. National Alert Warning System



### **Review of Licences Due to Expire in 2024**

The Individual Operating Licences (IOL), Individual Spectrum Licence, and Class Operating License Requiring Registration expire in 2024. With the number of licences due to expire, this requires a review to ensure that the existing licences are still fit for purpose. The objective is to review the current licences' compendium to ensure they are still fit for purpose. The project will commence in T1, 2023. URCA anticipates completion in T3, 2023.

### **Review of the Consumer Protection Regulations**

URCA proposes to review the existing Consumer Protection Regulations published in 2013. Considering the time elapsed since its publication, the project's objective is to update the existing regulations needed to ensure they remain fit for purpose. The project is a Tier 1 project that will commence in T1, 2023. URCA anticipates that Consultation will take place in T3, 2023.

### **Review of the Electronic Communications Sector (ECS) Policy**

The existing Electronic Communications Sector Policy (ECSP) will expire in March 2023. The Comms Act requires the Minister to publish a sector policy in the Gazette setting out the strategic aims of the Government for meeting the electronic communications policy objectives, including, but not limited to — (a) the priorities for liberalisation and sector regulation; (b) how the Government sees its role in the electronic communications sector; (c) plans for the efficient use and management of state assets; and (d) aspects of social policy, including the scope of universal service and public service broadcasting. The Comms Act requires URCA to formulate and present the revised draft sector policy to the Minister.

### **Review of the Network Quality of Service and Consumer Protection Regulations**

URCA recognises that there is a need to review the quality-of-service parameters in the Network Quality of Service Regulations and the Consumer Protection Regulations to encourage compliance and ensure the advancement of the sector policy objectives. The project will aim to identify challenges with reporting requirements and promote reporting to ensure data will be available to inform URCA's investigations/enforcement actions into breaches of the quality-of-service regulations.

### **Review of Universal Service Obligations (USO)**

Consultation on Universal Service Obligations (USO) and Implementation, a project listed in the Annual Plan with a start date of T1-2020, is expected to start in 2023. The objective is a review of the existing

USO Framework to ascertain if the provisions by way of services are still relevant. The project will include a survey to help to inform URCA regarding the current usage of communications services and help URCA determine the appropriate services to consider in its review of the Universal Service Obligations (USO) framework.

### **Review of Retail Fixed Market Services**

Since the last retail fixed market review was completed in 2014, there is a need to review the retail fixed markets, which include retail fixed voice, broadband and pay television services. The review will assess the state of competition in those markets and whether existing regulations are fit-for-purpose. The project commenced in the third trimester of 2022 and is expected to be completed in 2023.

### **Assessment of the Third Mobile Operator**

URCA is required to advise the Government of The Bahamas on the feasibility of a third mobile operator in the mobile telephone market. URCA has completed the assessment phase of the project and expects to provide recommendations to the Government of The Bahamas by the end of 2022. URCA will leave this project open until it has completed the recommendation phase.

### **Spectrum Management Project**

Spectrum management is a comprehensive project involving refurbishing three fixed monitoring sites in New Providence and the Main control console at the URCA office on Frederick Street. The project also includes a review of the spectrum management framework, including spectrum planning, spectrum authorisation, licensing, monitoring, and enforcement. The project is more than 60% completed.

### **Public Service Broadcasting Framework**

The development of the Public Service Broadcasting (PSB) Framework started in 2019. The purpose is to ascertain whether the existing PSB Framework is still fit for purpose. The review will require input from the Government of The Bahamas as to their vision and any proposed changes. The output is the production of a document that is fit for purpose, reflects the Government of The Bahamas' vision for PSB in the country, and considers the stakeholders' views.

### **Public Consultation on 5G**

This project has commenced with the surveys of the industry groups/sectors, including tourism, financial education, healthcare, and other sectors, to ascertain the use cases and demand for 5G service and develop a Public Consultation Document on 5G. This Consultation aims to (1) assess the use cases/demand for 5G services, (2) identify any potential bottleneck/impediments (including commercial constraints and economies of scale and scope) in the provision of 5G services by way of responses from stakeholders and interested parties, (3) gain an understanding of the demand for use cases of 5G services and (4) identify of any supply constraints supported by empirical analysis.

## **6.3 Description and Progress Update on 2023 Electricity Sector**

### **Projects**

In the 2022 Annual Plan, URCA committed to undertaking eight ES-related projects, including:

1. Electricity Market Study to Inform National Energy Policy
2. Efficiency Study Audit
3. Technical Standards for the Electricity Sector
4. Licensees' annual Plant & Operations Inspections
5. Generation Licence
6. Competition Guidelines for the ES
7. Battery Storage Integration
8. Guidelines for regulatory Accounting

The regulatory team in the electricity sector has made significant progress on the projects in the 2022 Work Plan. Notwithstanding its efforts, the team will need to carry over some of the 2022 projects to 2023. A description and the status of each project follow.

#### **Licensee Annual Plant and Operations Inspections**

Both the Electricity Act, 2015 and the public electricity supplier license conditions require and facilitate inspections of the licensees. This project involves developing the regulatory framework to conduct checks, confirm the assets in the rate base, and comply with regulations and operational practices. It is a Tier I project. The project is 50% completed, and the team expects to issue the Consultation Document in January 2023.

#### **Electricity Market Study to Inform National Energy Policy**

The Government of The Bahamas published the National Energy Policy in 2013. Section 5(2) of the Electricity Act, 2015 requires the Minister to formulate and publish a revision every five years. URCA is available to support the Government in developing the Policy by providing its recommendations to the Government on modifications to the Policy. While internal discussions have taken place on the project, URCA is seeking guidance from the Government on the desired scope of URCA's input/involvement.

### **Efficiency Audit**

The Efficiency Audit assesses the financial, operational, and quality of service performance of Bahamas Power and Light (BPL) compared to other relevant utilities in the region and internationally. URCA's involvement will aid in identifying areas of improvement and establish a baseline to track BPL's future performance. Currently, the project is in the inception stage.

### **Technical Standards for the Electricity Sector**

Recognising that the Electricity Act, 2015 does not include crucial technical supply standards, URCA will embark on a project establishing technical standards for the Electricity Sector. URCA is addressing the project in three parts: (1) major outage definition, (2) power quality standards, and (3) reliability standards. URCA published the consultation document (ES 03/2022) addressing the major outage on 31 October 2022. The deadline for responses to the Public Consultation was 30 November 2022, and URCA expects to publish part 1 of the standards in December 2022.

### **Generation License**

This project aims to continue the development of the suite of licenses available in the electricity sector. The objective is to ensure appropriate regulation of those entities operating electricity generation systems of more than 1 MW for self-supply only. Examples would be Atlantis and Baha Mar. Work on this project commenced in October 2022, and URCA will issue the consultation document early in 2023.

### **Account Separation Guidelines for Public Electricity Suppliers**

Public Electricity Suppliers (PES) and Authorized Public Electricity Suppliers (APES) must establish and maintain separate accounts for generation, transmission, and supply services for tariff setting. This project aims to establish the regulatory framework for licensee accounts separation, which will facilitate comparisons of performance among utilities. The draft consultation document is substantially complete and undergoing internal review. URCA expects to publish the Consultation Document early in 2023.

### **Competition Guidelines and Rules for the Energy Sector**

The Competition Guidelines and Rules for the ES will establish the regulatory framework with two main components: (1) to assess and enforce against anti-competitive agreements and practices, per Part XI of the Electricity Act, 2015, and (2) to assess and accommodate a change in control of a licensee, per Part XII of the Electricity Act, 2015. Due to the specialised legal knowledge required in developing the competition guidelines for the electricity sector, URCA is seeking the assistance of subject matter experts, as was done for the communications sector. The project is expected to commence in the first half of 2023.

### **Renewable Energy Utility Scale Development**

URCA has established The Small-Scale Renewable Generation (SSRG) and Renewable Energy Self Generation (RESG) frameworks in compliance with Sections 27 and 28 of the Electricity Act, 2015. These frameworks facilitate renewable energy generation by residential, commercial and government entities. This project aims to establish the regulatory framework for utility-scale renewable generation, per Section 26 of the Electricity Act, 2015. URCA commenced work on this project in 2022. However, the focus has been developing technical specifications for medium-scale renewable energy projects – a follow-through on the RESG framework. BPL and URCA are taking advantage of the opportunity to work with the National Renewable Energy Laboratory (NREL), a US-based body, through a grant arranged by the US Embassy in Nassau. There is a mutual desire – URCA and NREL – to continue working together on the development of the utility-scale framework. NREL submitted its draft of the proposed 500-1000kW Large Scale Renewable Generation (LSRG) Interconnection Requirements to URCA and BPL on 30 September 2022 for comments. Both URCA and BPL returned their comments. URCA intends to draft a public consultation document once it receives the revised document from NREL.

### **Battery Storage Integration**

Battery Energy Storage Systems (BESS) offer several technical benefits to electricity generation, transmission and distribution systems. This project will review the technology and applications and determine the sector's interest in such projects. URCA will publish a Public Consultation Document early in 2023 to solicit feedback on matters related to the integration of battery storage in The Bahamas.