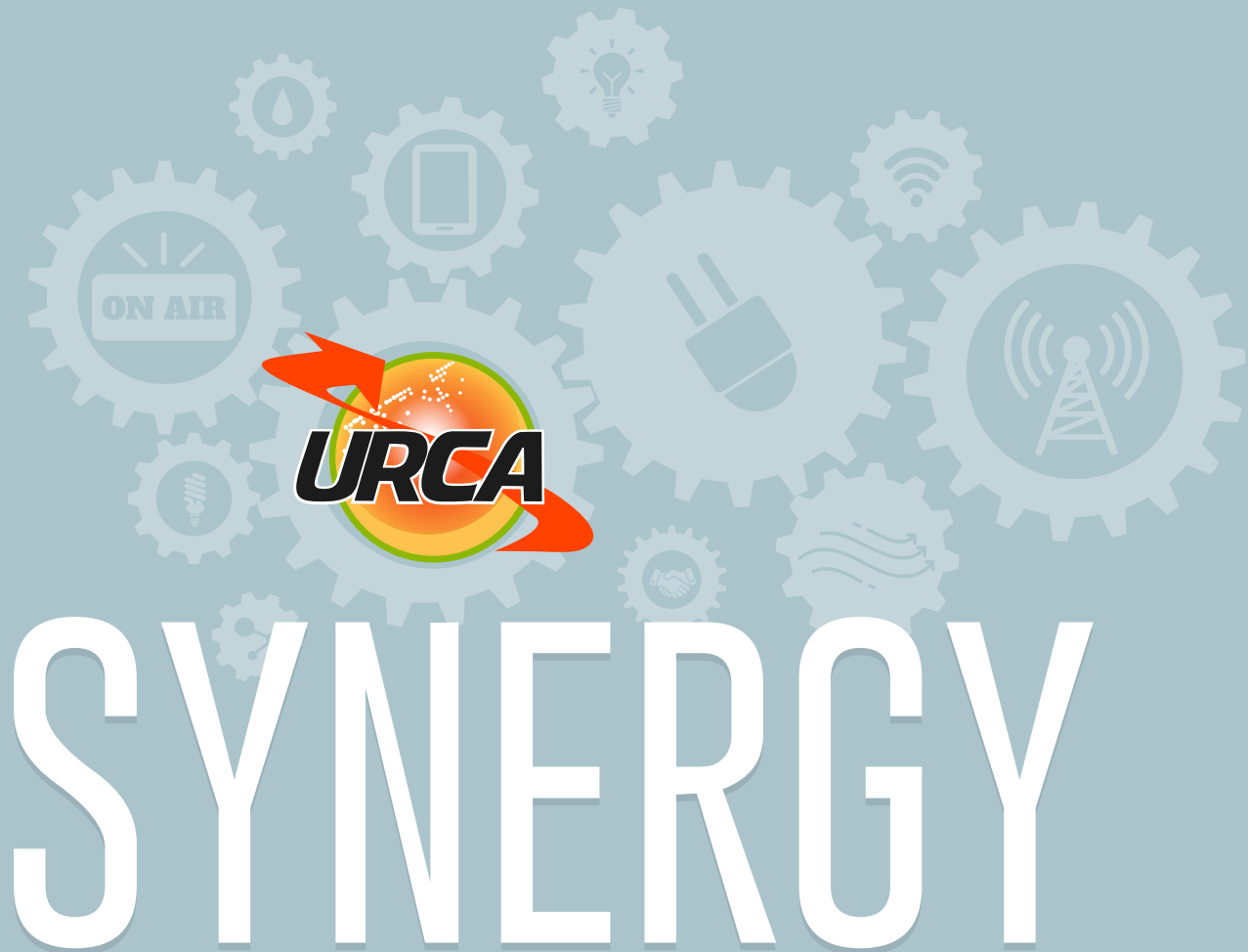


ANNUAL REPORT
& 2023 ANNUAL PLAN

2022

SYNERGY



...is the interaction and cooperation of two or more things working together to produce a combined effect greater than the sum of their separate effects.

URCA regulates two of the most important sectors in The Bahamas: energy and electronic communications.

Both sectors cannot effectively function separate and apart from one another and URCA's role as a regulator is critical to ensuring both sectors perform at maximum capability to the greater benefit of The Bahamas.

URCA's role is not only to regulate, but to partner and comprehensively solve complex problems.

Common ground and common purpose drove us all forward in 2022, as industries and the economy grew.

URCA sought to strengthen yet streamline regulatory compliance while achieving better outcomes for society as a whole.

We are all gears in the machinery that makes The Bahamas function, working in synergy for optimal results.



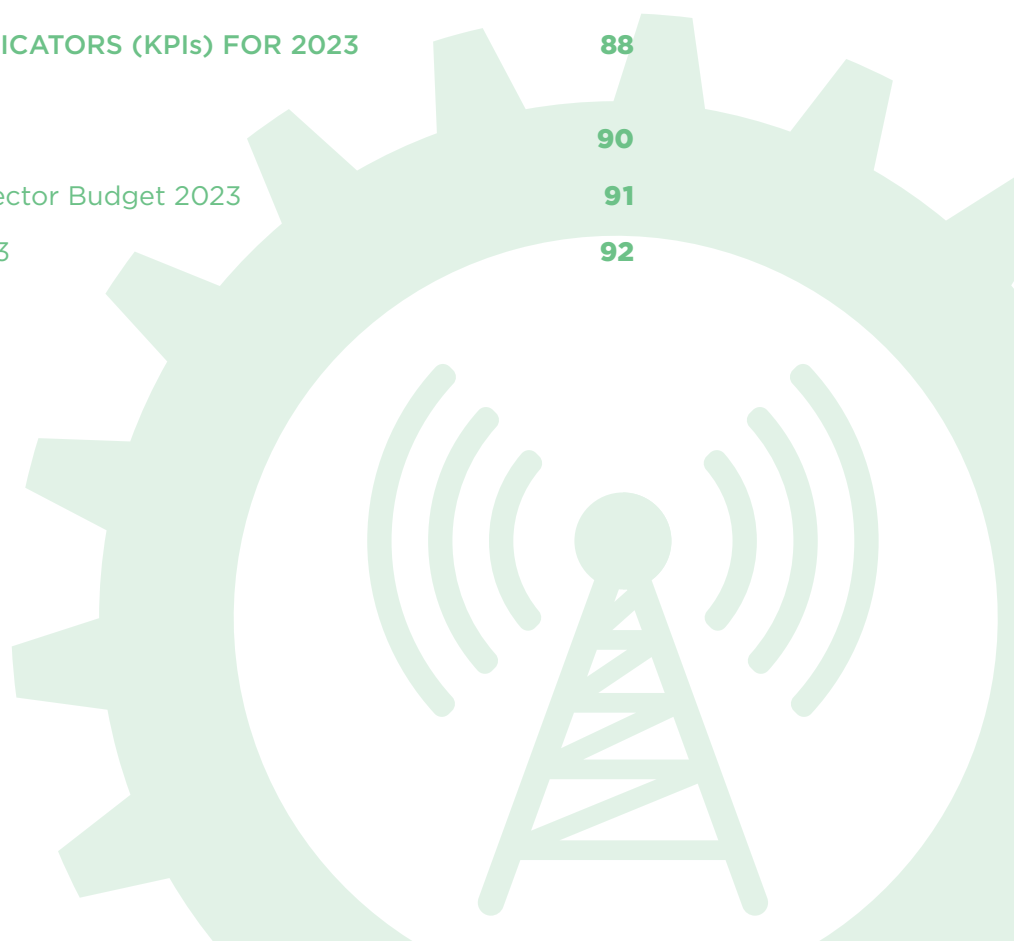
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SYNOPSIS

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SYNOPSIS

INTRODUCTION

The Utilities Regulation and Competition Authority (URCA) is proud to present its 2022 Annual Report and 2023 Annual Plan in compliance with Section 41 of the URCA Act 2009. This report must be published by 30 April of each year. It provides a detailed accounting of URCA's work, including its audited financial reports for the previous year and a work plan for the current year that has been finalized after consultation with critical stakeholders.

URCA's 2022 Annual Report provides:

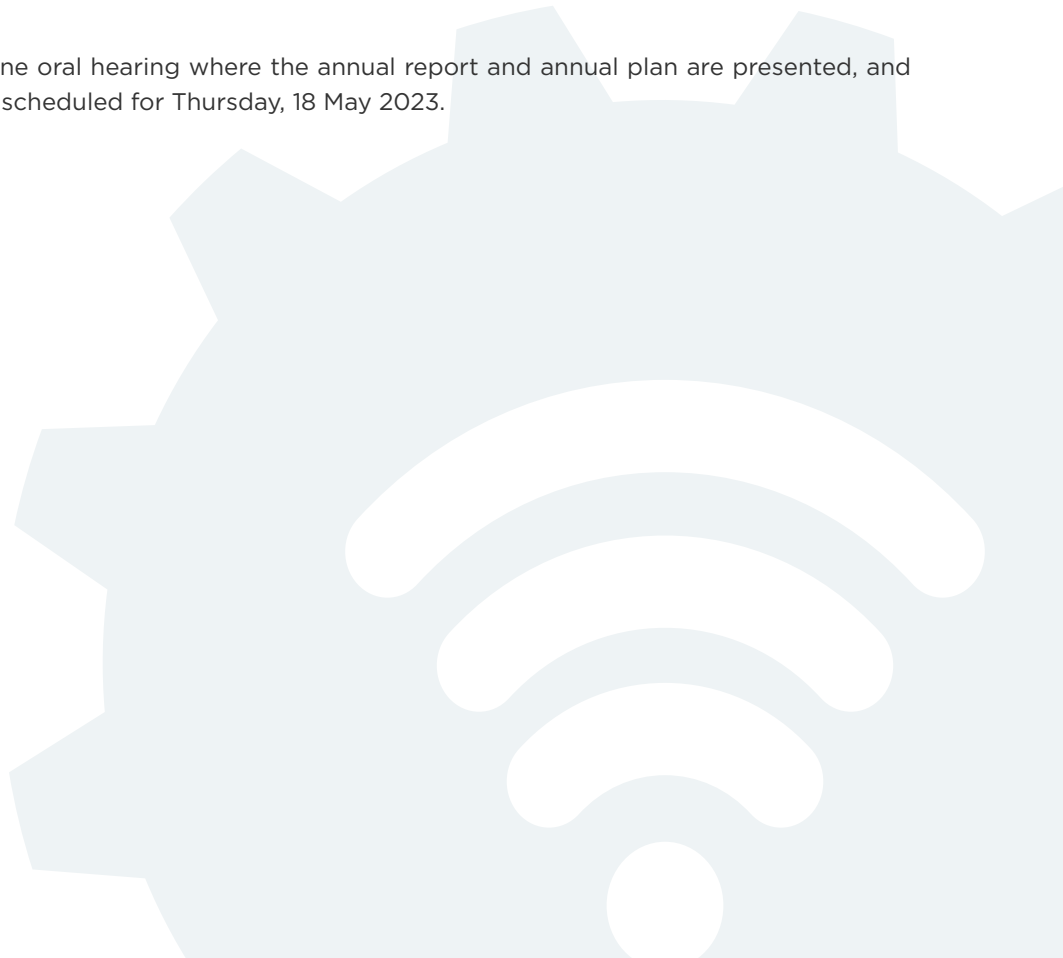
- A report on the performance of URCA's regulated sectors during 2022;
- Highlights of the objectives URCA accomplished during 2022;
- A report on URCA's fiscal performance for 2022, accompanied by URCA's Audited Financial Statements for the year, and;
- URCA's performance against Key Performance Indicators (KPIs) for 2022.

In compliance with the URCA Act, URCA's 2023 Annual Plan was first published in December 2022 for public consultation. Following consideration of the feedback from stakeholders, the final plan is included in this document. The plan provides a comprehensive strategic focus which considers regional and international trends in the regulated sectors, which can influence the successful achievement of URCA's work plan.

The annual plan included in this document outlines the following:

- URCA's key projects for 2023, including its consultation schedule;
- The KPIs URCA will use to measure its performance during 2023;
- URCA's budget for the 2023 financial year.

The URCA Act mandates at least one oral hearing where the annual report and annual plan are presented, and questions answered. The hearing is scheduled for Thursday, 18 May 2023.



CHAIRMAN'S MESSAGE



RANDOL DORSETT - CHAIRMAN

The momentum of technology and the economy emerging out of the pandemic have shown that not only are the sectors we regulate – energy and electronic communications – invaluable, but they are driving the world forward into a more interconnected and socially conscious future.

URCA is cognizant of the pace at which advancement is occurring and seeks to remain at the forefront of this drive.

The past year marked the first full calendar year the newly constituted board oversaw the affairs of URCA and, as always, the professionalism, dedication and passion as a competent and empathetic regulator to better lives throughout our country was on display.

Stabilizing URCA's leadership is a priority in 2023. During the past three years URCA has been an organization in transition with employee retention impacting key executive leadership positions. Despite the challenge, the current leadership has managed to identify ambitious yet achievable goals to move URCA's performance to a level that positively impacts all stakeholders and facilitates the continued social and economic expansion of the country.

On behalf of myself as Chairman along with Ms. Paula Adderley and Mr. Brian Seymour, we commend URCA's executive management and staff for the job they have done.

Over the past year, URCA has focused on numerous Tier I projects on its planned agenda but adjusted its workstreams to address emerging policy issues that required immediate focus.

Hurricane Dorian and the pandemic informed the government of a need to explore a National Alert Warning System beyond the current public alert system.

URCA worked collaboratively with key government agencies, inclusive of the Ministry of National Security, our major licensees Bahamas Telecommunications Company and BeAliv Limited as well as international mobile phone manufacturers Apple and Android, to introduce a system that allows the government to alert the public of any potential threat.

The Electronic Communications Sector effectively formulated draft regulations that support the effective use of the alert warning system.

Stimulating the continued growth and expansion of the telecommunications industry through investment in new and emerging technologies is a major policy objective of the government. While we work with the government to develop and publish a new sector policy, the government is moving to incentivize investment in new and emerging technologies to expand network infrastructure to improve the quality of service to the underserved and provide service to the unserved. URCA has developed regulations to facilitate the full implementation of the government's Communications Licence Fee reduction initiative.

I wish to draw your attention to two major ECS projects executed during 2022, the Review of Mobile Services and the Assessment of the Feasibility of a Third Mobile Operator. Both projects were of significant interest to the existing mobile operators.

URCA has concluded that competition in the mobile market has resulted in a maturing competitive market, removing the Significant Market Power designation from the incumbent, BTC. This level of maturity, coupled with the comprehensive assessment of the evolution of the mobile market, post liberalization, positioned URCA to provide a report to the government to assist with informing government's decision on whether further market liberalization should be considered at this juncture.

Meantime, the public consultation on 5G service commenced as did URCA's spectrum management project. In the Energy Sector (ES), the government's deepening concentration on renewable energy prompted URCA to work with the Prime Minister's Execution Unit to provide advice in numerous areas, inclusive of the government's micro-grid concept to address energy deficiency in communities across the Family Islands.

The government's exploration of the expansion of e-mobility, rooftop solar photo-voltaic and micro-grid installations will require URCA to continue working collaboratively with the government to review and where necessary revise the National Energy Policy to ensure that it is fit for purpose.

Like telecommunications, the availability of reliable, affordable, sustainable energy supply is critical to the further growth and development of the country. URCA reaffirms its commitment, as regulator, to ensure its work in the sector addresses the needs of ALL stakeholders.

In the ES, the team dealt with myriad projects, making notable strides even though resource-challenged.

Among those projects was developing the regulatory framework to conduct licensee annual plant and operations inspections. This is integral to the safety and reliability of the electricity sector and will continue in 2023.

Equally important is the development of technical standards for the Electricity Sector.

This project is an expansive one that URCA has segmented into three components, one of which has already been published for consultation.

Work on this project will continue in 2023. URCA also continued the development of appropriate regulation for those operating large-scale self-supply energy generation systems as well as the accounting separation guidelines for Public Electricity Suppliers.

In 2022, URCA also entered an exciting working arrangement with Bahamas Power and Light and the National Renewable Energy Laboratory in the United States to establish the regulatory framework for utility-scale renewable generation.

The project is proceeding well and once large scale renewable generation interconnection requirements are established, the electricity sector in The Bahamas will be even better poised for transformation.

Tools to better assess allocation of costs and impact on the sectors we regulate are also of great importance.

The digital transformation of URCA and the redevelopment of URCA's website will also be undertaken this year.

At URCA, we have a particular concern for synergizing Family Island communities with the larger population centers.

Often neglected, they are an important part of The Bahamas and deserve proportional access to the level of service experienced in our major population centers.

We plan to better educate these communities and work with our licensees to better serve their needs.

We will also drive ICT inclusion and education for seniors throughout as much of the country as we are able to effectively reach.

When the tremors of global shifts have lessened, events that change the nature of the world leave space for reflection.

Though URCA's role is clearly defined in policy and law, we have encouraged its executive leadership to think beyond the letter of the law to the spirit of URCA's purpose in enhancing the economic and social well-being of the country.

URCA should serve as a fair and well-informed regulator that can focus on the broader aspects of digital transformation while understanding what that means for the inclusion of those who simply want the convenience of reliable energy and the ability to quickly connect to loved ones and engage in banking and other basic services.

As regulator of two key sectors of the Bahamian economy, URCA's work extends beyond the compliance and enforcement obligations, but must serve as a catalyst to advance and build our nation.

That is what we are doing and remain committed to through the advancement of government policy. Through that work, we will continue to inform and enlighten the public of developments in the two sectors and identify avenues to explore growth.

ABOUT URCA

URCA is an independent regulator of the Electronic Communications Sector (ECS) and the Energy and Utilities Sector (UES) of the Commonwealth of The Bahamas.

URCA was established through the Utilities Regulation and Competition Authority Act, 2009 (URCA Act) and the Communications Act, 2009 (Comms Act).

URCA assumed responsibility for the regulation of the ECS on 1 September 2009. The ECS consists of fixed and mobile telecommunications services, internet, pay television, broadcasting and radio spectrum frequency management.

Passage of the Electricity Act, 2015, in tandem with amendments to the URCA Act that same year, saw URCA's regulatory remit expanded to include regulation of the energy sector which includes generation, transmission, distribution and supply of electricity throughout The Bahamas.

In addition to the statutory strictures, URCA's regulatory responsibilities are also guided by the government's Electronic Communications Sector Policy and (ECSP) and the National Energy Policy (NEP).

GOVERNANCE:

URCA's corporate governance structure supports the key tenets of good governance; namely, transparency, fairness and accountability throughout the organization. URCA's activities are governed by a Board which comprises four non-executive members, including the Board's chairperson, and three executive members: the Chief Executive Officer, the Director of Utilities and Energy and the Director of Electronic Communications. Non-executive members are appointed by the Governor General, while the executive members are appointed the non-executive members following a competitive selection process.

URCA'S BOARD:

Randol Dorsett - Chairman

Paula Adderley - Non-executive Member

Brian Seymour - Non-executive Member

Carlton Smith - Chief Executive Officer

Rupert Pinder - Director of Electronic Communications

The CEO has overall executive responsibility for URCA's day-to-day activities, including overall strategy and responsibility for URCA's four operational units namely: Legal; Human Resources and Administration; Finance; and Corporate and Consumer Relations.

URCA has the specific legal requirement to collaborate with the following Ministers of Government concerning its mandate, and for the effective execution of that aspect of its work, governed by Government Policies:

- The Attorney General, who has overall responsibility for Government's relations with URCA, and with whom URCA engages in respect of its operations including its budget and reporting, including financial statements and audit;
- The Minister with responsibility for the ECS in respect of matters outlined in the Communications Act, which include the ECSP, and specific activities related to the allocation and pricing of spectrum, public service broadcasting, and universal services; and
- The Minister with responsibility for the administration of the Electricity Act. URCA is also required from time to time to engage with the Ministers of Government with responsibility for licensees owned and operated by Government, such as the Broadcasting Corporation of The Bahamas (BCB) and Bahamas Power and Light Ltd. (BPL).

THE AUDIT COMMITTEE

An additional key component of the organisation's governance structure is the Audit Committee, currently chaired by Jacqueline Hunt-Farrington. The Audit Committee's work includes:

- Review of the monthly financial reports prepared by management;
- Review, monitoring and implementation of recommendations made by the internal and external auditors; and
- Review of the annual financial statements, including the assessment of the accounting policies.

The Audit Committee also has oversight of the work of the internal auditor, whose work during the year continued to focus on and ensure the organization's compliance with internal controls and external legal and regulatory requirements

NON-EXECUTIVE MEMBERS



Randol Dorsett
Chairman



Paula Adderley
Board Member



Brian Seymour
Board Member

EXECUTIVE MEMBERS



J. Carlton Smith
URCA's CEO



Rupert Pinder
Director of Electronic
Communications

BOARD SECRETARY



Clara Bell
Secretary to the Board
and General Counsel



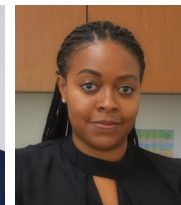
Faith Johnson
Finance Manager



Jonathan Hudson
Director of Utilities and
Energy (Acting)



Mavis Johnson - Collie
International and
Government Relations
Advisor



Cassandra Collie
Human Resources and
Learning Manager



Juan McCartney
Corporate and Consumer
Relations Manager

CHIEF EXECUTIVE OFFICER'S MESSAGE



J. CARLTON SMITH - CHIEF EXECUTIVE OFFICER

URCA proved its mettle in 2022 yet again, as an organization that, while governed by policy, legislation, and regulation, found novel ways to deliver service as the traditional constructs of work continued to change.

The preceding two years of the COVID-19 pandemic saw the world enter previously unencountered territory with URCA and its licensees creating new synergies as the need for reliable electronic communications and electricity services facilitated by a regulator that could be flexible yet diligent was made more evident than ever.

Emerging out of the strictures of the pandemic, URCA shifted its approach both internally and externally.

Last year, we gained invaluable perspective about our operational efficiency as we scaled down our hybrid stay-at-home model with the wider reopening of the world as the worst of the pandemic subsided following the Omicron wave.

URCA performed diligently to provide solutions while transitioning back to an in-person work environment that was radically different prior to the pandemic.

Our offices reopened in line with health protocols and a commitment to place paramount importance on the safety of our staff and stakeholders. However, URCA continued to hold hybrid events to accommodate those who could not attend in-person due to health protocols and for other reasons. What we found is that URCA's reach was even more effective due to roping in stakeholders on social media and through livestreaming applications.

Nevertheless, we went to the community with critical engagement to understand the extent of the impact of the pandemic on those we regulate in terms of the reach of our licensees' altered operations to those whom they serve.

The service providers in their respective sectors are to be lauded as they fully lived up to their designation as essential services in an evolving digital environment.

Nevertheless, deep fissures were discovered in learning loss, as well as an alarming disparity in equal access to information and communication technologies (ICT) for those in lower-income communities, the disabled, the elderly and areas with less modern infrastructure, inclusive of our sparsely populated family island communities.

The lessons learned have led us to incorporate a broader approach moving forward to reach those in our Family Islands, those who may be abroad, the disabled and the elderly.

We understand that no one approach might be perfect, but we are committed to refining our strategies, work collaboratively with our key stakeholders and adjust where necessary to ensure the consistent delivery of quality electricity and telecommunications services.

In terms of internal benchmarks, we aspired to hit, we experienced levels of success in both sectors, but did not fully achieve the goals set out in our 2022 Annual Plan.

This was due to several reasons, chief among them were - staff shortages which continued to plague URCA as the new normal emerged and the policy priorities of a new administration. The new policy initiatives required an agile approach to refocusing our efforts without an optimal number of team members.

The collaboration between the local telecoms operators, international major cellular telephone manufacturers and the government led to the implementation of a National Alert Warning System. URCA developed the supporting regulations to facilitate the proper implementation and, if necessary, oversight of the effective use of service.

Emerging out of the pandemic in 2022, URCA's international work on behalf of the government resumed with in-person meetings and conferences. We reaffirmed our relationships with our international counterparts and continued our efforts to participate in a meaningful way in the international discussions aimed at achieving sustainable development throughout the developed and developing world.

The International Telecommunication Union (ITU) Plenipotentiary Conference 2022 (PP-22) reaffirmed The Bahamas' impact in the international telecommunications space. We successfully retained a seat on the ITU Council, allowing us to continue the work started in 2018 as the standard bearer for the Caribbean and small island developing states (SIDS) on a global level. While unsuccessful in a bid to secure an executive leadership position in the ITU, The Bahamas' candidate, Stephen Bereaux, made a very impressive showing, forcing the full three rounds of voting to determine the BDT Director. He remains a critical asset and valuable resource for The Bahamas and the region in the telecommunications development bureau (BDT) of the ITU.

While URCA achieved much in 2022 with an inadequate staff complement to meet the demands of its regulated sectors, a strategic approach to capacity building, inclusive of employee retention and succession planning is critical to the way forward. To that end, URCA plans to onboard several key employees to necessary positions in 2023.

URCA's project work is a major aspect of its performance assessment and in 2022 will continue drilling down on its three areas of focus: General Projects, Electronic Communications Sector (ECS) projects, and Electricity Sector (ES) projects.

General projects include a revised Strategic Plan for URCA, ensuring that our priorities are aligned with our strategic objectives, measurable against our Key Performance Indicators (KPIs), Organizational Performance Index (OPIs) and optimally fit-for-purpose. The full implementation of the OPIs will afford URCA the opportunity to measure its impact on the regulated sectors more accurately. URCA will undertake a Cost Allocation Study to determine the allocation of costs to the regulated sectors more efficiently. URCA also seeks to significantly enhance its engagement with all stakeholders and the redevelopment of URCA's website is a major step toward achieving that objective.

In 2022, we welcomed a new Director of Electronic Communications, Rupert Pinder. An experienced Economist, he brings a wealth of experience, having worked in the telecommunications sector for more than a decade.

Under his leadership, we will seek to strengthen the ECS team, with a priority focus on project completion in a timely manner to the benefit of the sector. A priority project is a review of the Electronic Communications Sector Policy which establishes the government's priority for the sector for the next three years.

In the energy sector, we saw the departure of the initial Energy Sector Director Shevonn Cambridge, who assumed a senior post in the country's electricity sector. He made a valuable contribution to the development of the sector during his tenure, and we wish him well in his new position.

Jonathan Hudson, also a seasoned professional in the energy sector, having served in a leadership capacity in the industry prior to his current tenure with URCA, assumed the leadership of the sector in an acting capacity.

Encouraging the proliferation of renewable energy throughout The Bahamas, particularly in underserved Family Island communities, is an exigent need that URCA, working collaboratively with key stakeholders, inclusive of the government, must address. Achieving the 2030 National Energy Policy objective is a priority focus.

Addressing the quality of electricity services throughout the country as well as improved alignment of the country's electricity framework with the work of regional and international best practices are crucial elements of URCA's agenda.

Community engagement was robust in the last year but will accelerate in 2023.

The recent departure of our previous Corporate and Consumer Relations Manager, led to the recruitment of another qualified, competent Bahamian communications leader. It resulted in a smooth transition with continued concentration on the internal and external focus of rebuilding our brand.

Improving lives through effective utilities regulation is URCA's mantra.

It is not just a mission statement we repeat, it is a way of life that we are working to ensure every stakeholder experiences.

URCA's purpose is not only to regulate, but to protect consumers and through its holistic approach to addressing the issues in the regulated sectors become a driving force for the social and economic development and well-being of The Bahamas.

We are helmed by an engaged board that possesses a clear vision, keen focus, and effective governance, emphasizing the organization's commitment to regulatory excellence.

Finally, despite the vast geographic space the world covers, technology has seemingly reduced the distance between nations. However, the digital and economic divide threatens to grow if The Bahamas does not have a regulator that evolves and thinks ahead of the line of sight that currently exists.

To that end, URCA seeks to emerge as a regulator that drives the conversation on how to advance SIDS through innovation and enhancing the matrix of sustainable energy and rapidly advancing communications technology.

The work of regulating the communications and energy sectors must evolve at the pace of innovation and URCA remains well-suited to the task.

URCA'S ACHIEVEMENTS IN 2022

The final version of URCA's 2023 Annual Plan was published on 30 April 2023, together with URCA's Annual Report for 2022, in compliance with the statutory timeline. In the 2022 Annual Plan, URCA set out several projects that it intended to undertake within the proposed timelines. We experienced a return to normalcy in 2022, that saw the operations ramp up in URCA as well as in the electronic communications and energy sectors. The return to in-person operations and networking, coupled with increased demand in the sectors, led to an increased need to facilitate stakeholder requests and successfully rebuild international connections.

As the economy strengthened, the market became increasingly competitive and URCA experienced a number of departures. The emphasis of a new administration led to URCA also giving critical input to national initiatives that were not included in our 2022 Annual Plan. However, we were able to perform dexterously given the lessons learned pivoting through the two previous years.

The pandemic demonstrated not only the adaptability of the regulated sectors to adjust to shifting market needs, but also URCA's commitment to work in tandem with licensees to meet the exigent demands of the market. In accordance with our plan, we focused on priority projects in general and in the ECS and ES. URCA worked assiduously on developing performance assessment tools that will ensure we are delivering effective regulatory oversight while fostering an environment of collaboration among stakeholders.

In the ECS, URCA focused on Tier I projects designed to drive technology and accessibility to the population, including its most vulnerable members. Equitable access to Information and Communication Technology (ICT) is critical for ensuring that all individuals, regardless of their background or location, have the opportunity to participate in the digital world and benefit from the many social and economic opportunities that it offers. Addressing barriers, including lack of digital literacy and skills, as well as gender and age-related disparities, that can prevent equitable access to ICT is central to the work that URCA does. In the ES, priority Tier I projects included the need for a regime that provided more accounting clarity and safety amongst energy suppliers. The Bahamas is particularly vulnerable to the impacts of climate change, including rising sea levels and increased frequency and intensity of storms.

As a country heavily dependent on tourism and fisheries, the mitigation of the economic, social, and environmental consequences for The Bahamas guided URCA's thrust in terms of fostering conditions for renewable energy to thrive. URCA increased its efforts to interact more deeply with the public coming out of the pandemic and successfully broadened its community engagement throughout The Bahamas and on social media.

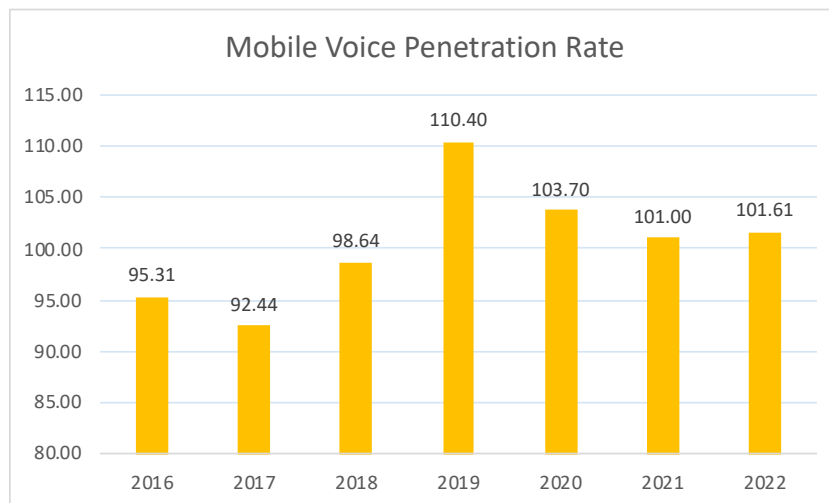
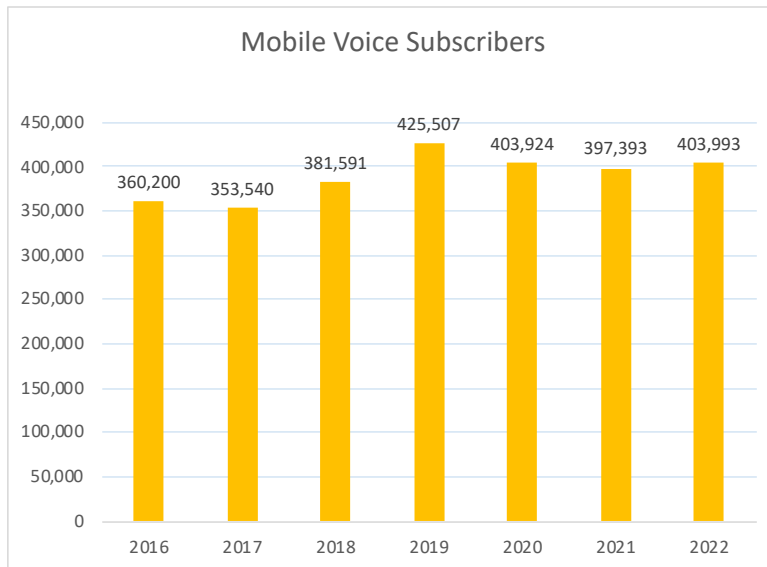
A commitment to creating a more seamless method of handling complaints prompted URCA to research and implement software that will allow better tracking of consumers’ concerns and their resolution. The importance of reinforcing ties on a global scale has never been clearer. On that front, URCA worked successfully with the government to foster regional and international cooperation for mutual advancement.

ELECTRONIC COMMUNICATIONS SECTOR MARKET REVIEW

MOBILE SERVICES

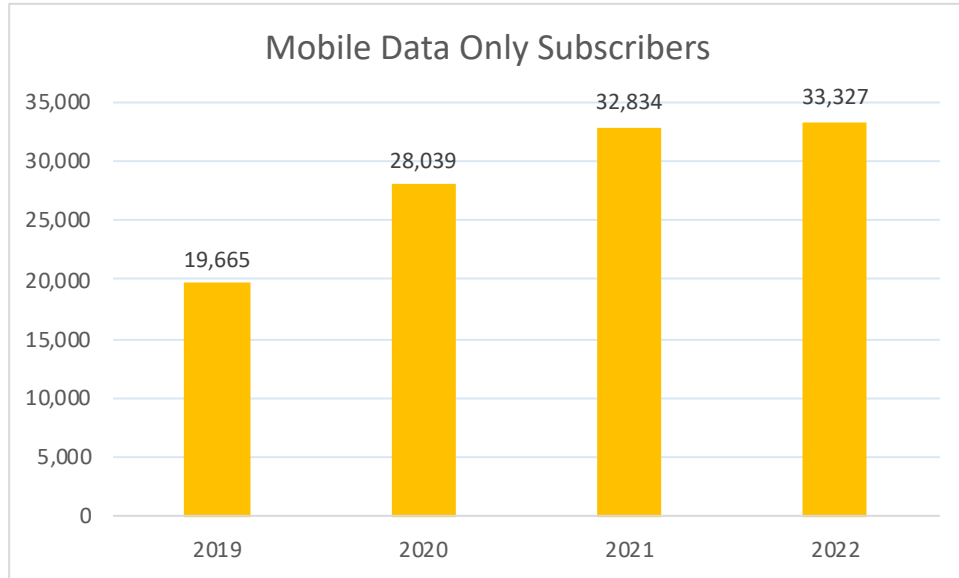
Retail Mobile Voice

Cellular/mobile voice and data services in The Bahamas are provided by Aliv and BTC. In 2022, after a comprehensive review of the mobile telephone market, URCA removed BTC’s designation as a significant market power (SMP) operator and determined that neither Aliv nor BTC has SMP in mobile. Overall, the number of mobile voice subscribers increased by 1.66% in 2022 after two years of decreases. Simultaneously, mobile voice penetration for 2022 vs 2021 rose slightly by 0.61% from 101 to 101.61 mobile voice subscriptions for every 100 persons.



RETAIL MOBILE DATA

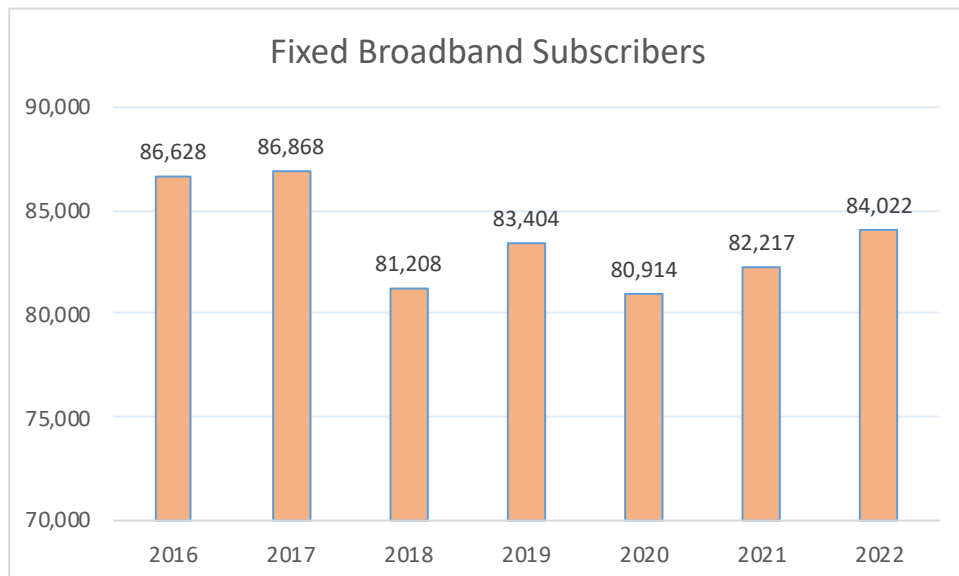
Mobile data only service relates to users who subscribe only to mobile broadband services with no mobile voice or SMS messaging services included. This is done via dedicated SIM card with a smartphone, tablet with 3G/4G connectivity or a USB dongle. The year-over-year increase for 2021/2022 was 1.5% representing a significantly smaller increase than in 2020/2021 and 2019/2020.

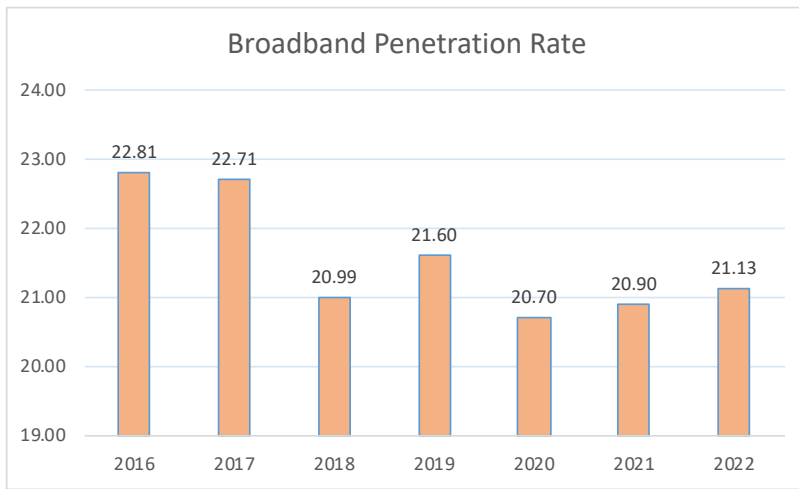


FIXED SERVICES

Retail Fixed Broadband

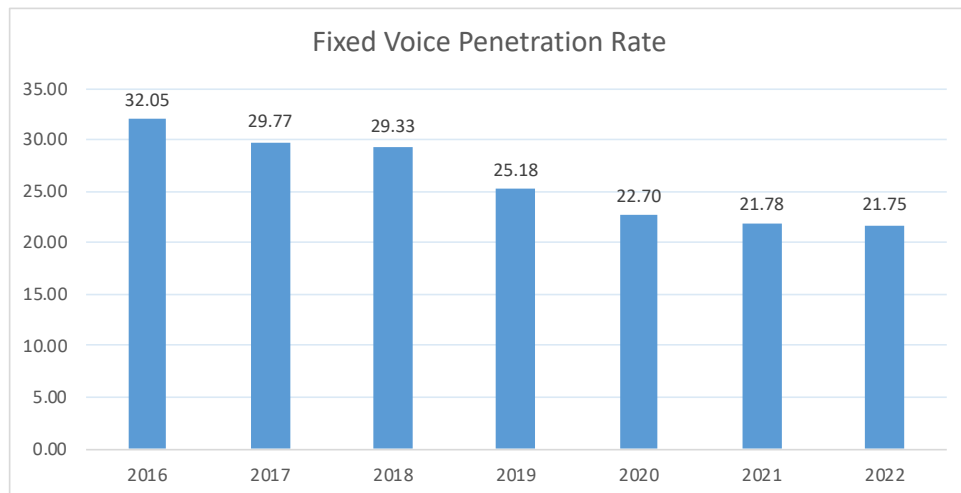
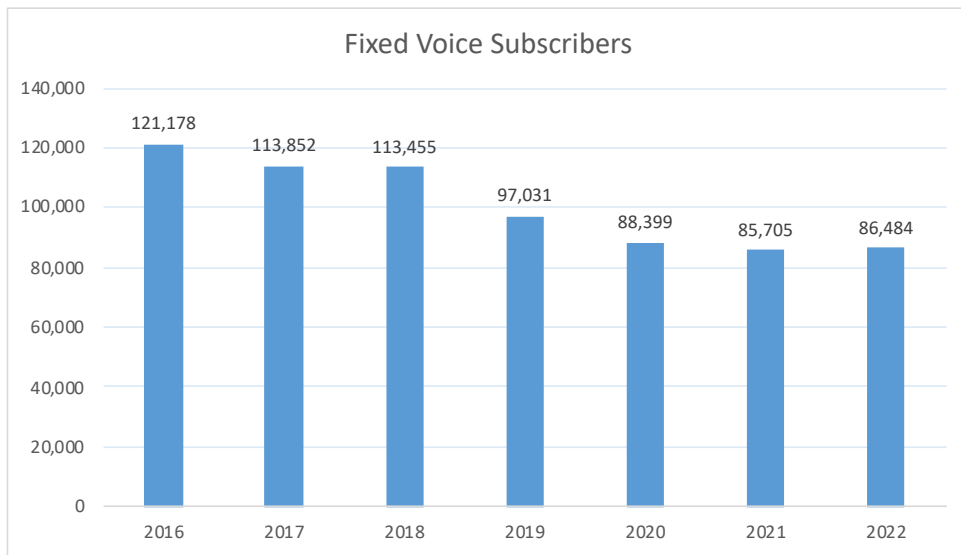
BTC and CBL remain the main fixed broadband service providers. CBL has significant market power in the provision of retail fixed broadband in New Providence, Grand Bahama, Abaco, and Eleuthera while BTC has significant market power in all remaining islands where only BTC offers broadband services. Overall, fixed broadband subscribers increased from 82,217 (2021) to 84,022 (2022) representing a 2.2% increase and the highest number since 2017. The fixed broadband penetration rate increased to 21.13 subscriptions for every 100 persons from 2021's rate of 20.90.





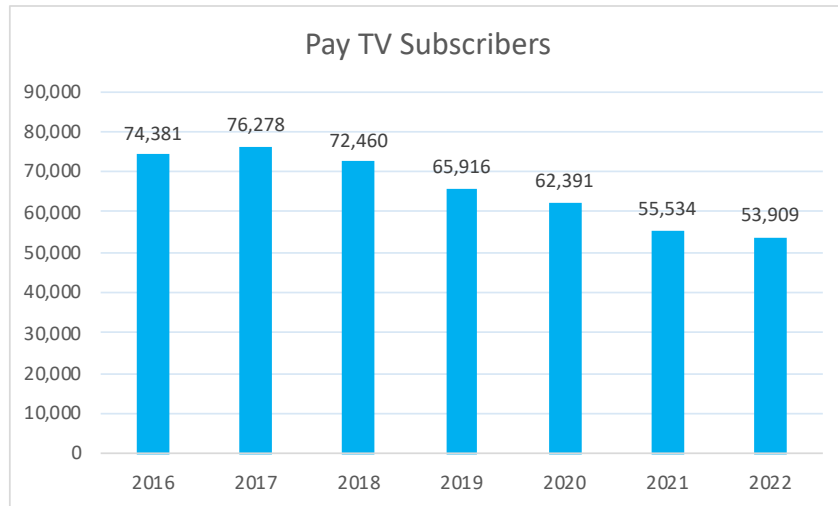
RETAIL FIXED VOICE SERVICES

For the first time in the past six years, there was a year-over-year increase in fixed voice telephone subscribers with an increase of 0.91% from 2021 to 2022 however the penetration rate decreased from 21.78 to 21.75. Overall, there has been a steady decline in fixed voice subscriptions. BTC and CBL are the two fixed voice service providers.



PAY TV SERVICES

CBL retains the position as the leading provider for Pay TV services in The Bahamas, notwithstanding BTC's challenge commenced in 2016 with its provision of TV services to selected islands. Pay TV subscriptions had the lowest year-over-year percentage decrease since 2017 with a 2.9% decrease from 2021 to 2022. When compared with the 11% decline from 2020 to 2021, the number of pay TV subscribers ending their subscriptions significantly slowed down in 2022.



ELECTRICITY SECTOR MARKET REVIEW

The Electricity Sector market in The Bahamas spans from Grand Bahama in the north to Inagua in the south. The Electricity Act, 2015 establishes URCA as the sector regulator whose primary role is the regulation of the electricity sector in accordance with the goals, objectives and principles underpinning the national energy and electricity sector policies.

Most generation, transmission, distribution or supply activities require a license issued by URCA. There are three main types of licenses currently in use. A Public Electricity Supplier License (PESL) which has been granted to the primary operators: Grand Bahama Power Company (GBPC) in the Port Area of Grand Bahama, and Bahamas Power and Light (BPL) for the remainder of The Bahamas. An Authorized Public Electricity Supplier License (APESL) allows other entities to operate in those areas. An Independent Power Producer License (IPPL) facilitates the sale of power to PESs or APESs. Both APESs and IPPs require approval to operate within the geographic areas assigned to GBPC or BPL. In 2022 an APESL was issued to RAV Bahamas Limited to operate in north Bimini. The sector is now made up of two PESs, four APESs and one IPP per Table 1 below.

There are some exemptions to the requirement for a license. These include private standby generation with a capacity under 1 MW and renewable energy generation for non-utility use (i.e. residential, commercial and government). There is a strong desire by the government to achieve its policy objective of having renewable energy generate 30% of the power needs for the country by the year 2030.

Two regulatory frameworks have been developed to facilitate the installation and use of private renewable energy systems to offset the owner's needs and export any excess to the power grid. These include the Small Scale Renewable Generation (SSRG) and Renewable Energy Self Generation (RESG) Frameworks. The vast majority of renewable energy systems installed in the country are solar (photovoltaic). Table 2 provides a summary of these systems. Since 2021, there was a 22% increase in the number of systems online and a 26% increase in the installed capacity. Most of this occurred on New Providence.

TABLE 1: REGISTER OF LICENSEES IN THE ELECTRICITY SECTOR

Name of Licensee	Address of Licensee	Service Territory	License Type	Duration	License Commencement Date	License Expiration Date	License Number
Bahamas Power and Light	Blue Hill and Tucker Roads, Nassau, Bahamas	The Commonwealth of The Bahamas, except for the Port Area of Grand Bahama	Public Electricity Supplier	25	01 May 2018	01 May 2043	PESL-18-0001
Grand Bahama Power Company	The Mall Drive, Freeport, Bahamas	Grand Bahama	Public Electricity Supplier	25	01 May 2016	01 May 2041	PESL-18-0002
St. George's Cay Power Company Ltd.	101 Power House Road, Russell Island, Eleuthera, Bahamas	St. George's Cay, Russell Island; West End Cay; Charles Cay; and Royal Island	Authorized Public Electricity Supplier	20	01 December 2018	01 December 2038	APEL-18-0003
Gekabi Chub Cay Utilities (2013) Ltd.	1425 Lake Front Circle, The Woodlands, Texas, United States	Chub Cay, The Berry Islands	Authorized Public Electricity Supplier	25	17 February 2020	17 February 2045	APEL-20-0001
Shell Bahamas Power Company Inc.	St. Andrew's Court, Frederick Street Steps, Nassau, Bahamas	Bahamas Power and Light transmission grid.	Independent Power Producer	15	05 October 2020	05 October 2035	IPPL-20-0001
Baker's Bay Utility Ltd.	Front Street, Marsh Harbour, Abaco, Bahamas	Baker's Bay Golf and Ocean Club, Great Guana Cay, Abaco	Authorized Public Electricity Supplier	25	21 December 2020	21 December 2045	APEL-20-0002
RAV Bahamas Ltd.	4 George St., Mareva House, Nassau, Bahamas	Bimini Bay Subdivision, North Bimini	Authorized Public Electricity Supplier	25	01 March 2022	28 February 2047	APEL-22-0001

TABLE 2: SUMMARY OF RENEWABLE ENERGY SYSTEMS IN THE BAHAMAS

	Number Online	Combined System Capacity, kW
Residential	244	1859
Commercial	61	4383
Total	300	6242

	Number Online	Combined System Capacity, kW
New Providence	291	4931
Abaco	0	0
Crooked Island	1	16
Eleuthera	10	142
Exuma	1	750
Long Island	1	3
Ragged Island	1	400
Total	300	6242

Gekabi Chub Cay Utilities has commissioned a 4 MW solar plant with 10 MWh battery back up allowing them to become almost entirely independent of fossil fuels. In 2022, BPL commissioned a 0.4 MW solar plant with battery storage in Ragged Island. In 2022, BPL also commenced work on solar and energy storage projects on Abaco.

The electricity sector continued to adjust to the shocks of Hurricane Dorian at the end of 2019 and the Covid pandemic which began in 2020. Hurricane Dorian devastated Abaco and Grand Bahama. Both markets have yet to fully recover. The generation systems have been returned to service but work continues on the transmission and distribution systems, particularly with significant hardening of the transmission system in Abaco. Tourism represents about 50 percent of the Bahamian economy the remainder primarily involves government services. Hence, the impact of Covid on the sector was unsurprising. Hotel occupancy plummeted and many government offices adopted the work-from-home model. This influenced the utilities demand curve and billing. Hotel and office air condition loads, which can represent half of a commercial customers' bill, were down and daytime residential use went up. Also, 2022 ended with the start of a rebound in tourism numbers and economic activity.

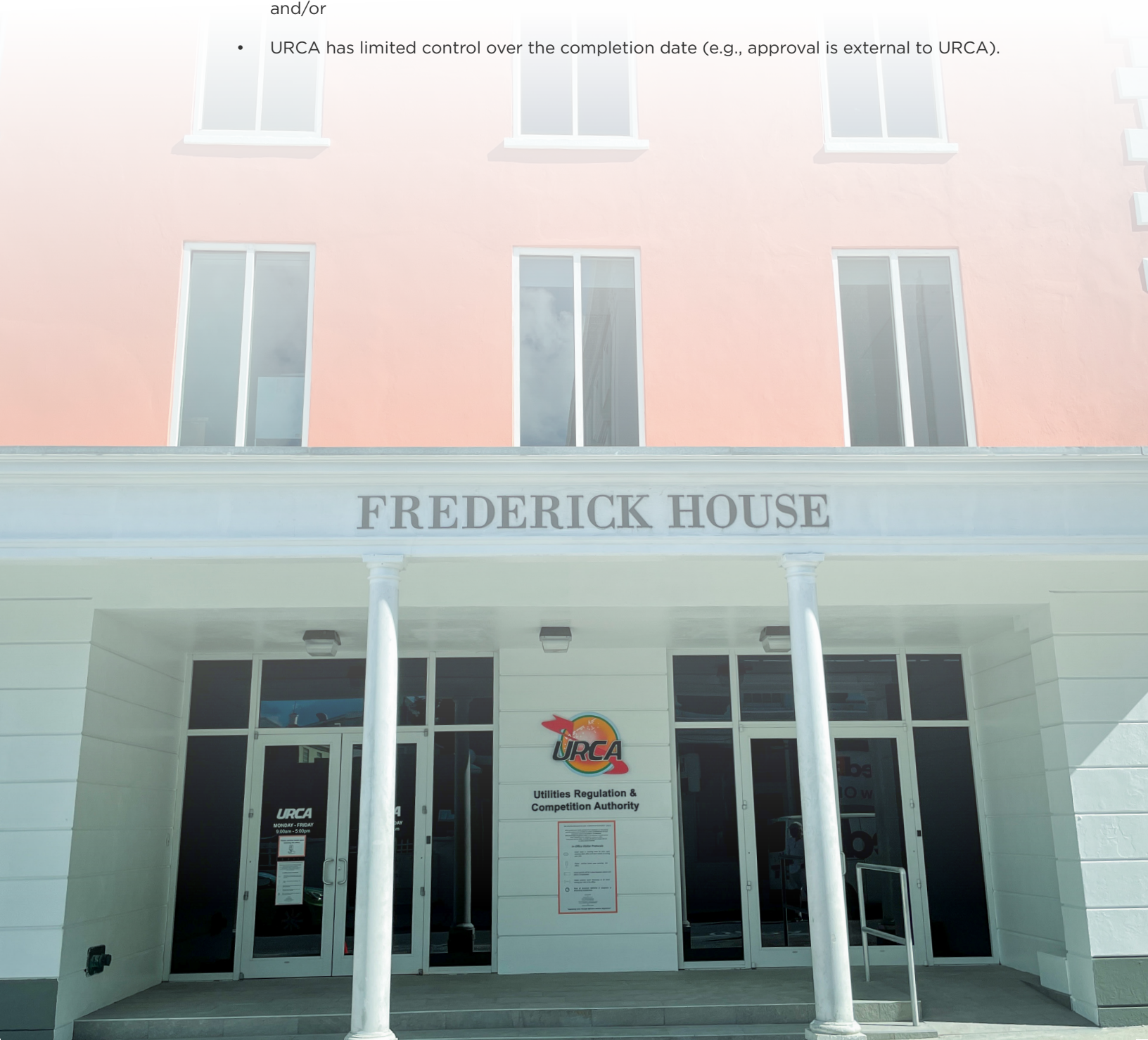
Also, of note in 2022 were changes in fuel prices. At the start of the year, BPL was still following a fuel hedging strategy with a fixed fuel charge of 10.5 cents per kWh. In October, BPL introduced a tiered fuel charge increase to counteract its exposure to increasing fuel costs. From its low at the start of the pandemic to its high in 2022, Brent Crude prices underwent a 350% increase. Many of the licensees in the sector, who had not already started, began a move to Liquefied Natural Gas (LNG) and renewable energy.

PERFORMANCE AGAINST URCA'S 2022 ANNUAL PLAN



In the 2022 Annual Plan, URCA adjusted its approach to the prioritisation of projects and reducing the structure to two tiers (Tier I, Tier II). URCA is committed to developing a work plan that allows stakeholders to assess its performance effectively, based on output and impact. The rationale for the placement of projects in a specific tier was as follows:

- Tier I projects are of significant importance to the regulated sectors; therefore, URCA sought to ensure that it directs all available resources to achieve completion in accordance with scheduled dates during the current year.
- Tier II projects are also of significant importance to the organisation or the regulated sectors directly, and URCA endeavored to complete these projects in the shortest possible timeframe, though with lower priority than the Tier I projects. URCA did 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;
 - Uncertainty of the availability of adequate resources to complete the project in a specific timeline; and/or
 - URCA has limited control over the completion date (e.g., approval is external to URCA).



GENERAL PROJECTS

While most of URCA's regulatory work relates to a specific regulated sector, URCA is continuously seeking ways to achieve economies that can be realised through harmonised approaches between regulated sectors, reflected in regulatory measures that have "General" applicability across sectors. URCA's organisational initiatives, including its Annual Report and Annual Plan, also fall into this "General" category. During 2022, URCA worked on the following General projects:

IMPLEMENTATION OF ORGANISATIONAL PERFORMANCE INDEX

On 30 August 2019, The Utilities Regulation and Competition Authority (URCA) successfully developed a comprehensive set of Organisational Performance Indicators (OPIs) in collaboration with industry-leading consultancy

The proposed set of OPIs is comprised of one Strategic Development OPI and 16 OPIs that cover various aspects of governance, regulation, effective external engagement, and organisation within the electronic communications sector (ECS) and the electricity sector (ES). In total, the OPI framework includes 21 OPIs, which feature new sector development KPIs, market information, corporate communications, complaints handling, stakeholder and consumer surveys, as well as a selection of existing internal and operational KPIs.

In preparation for full implementation, URCA proactively designed a tool in 2022 to measure and track its performance against the 21 OPIs, and management has been instructed to utilize this tool to ensure that URCA's regulatory work is adequate, relevant, timely and impactful. This tool will also provide valuable support in measuring URCA's effectiveness and efficiency in planning, preparing and applying regulation while advancing URCA's strategic imperatives in four key areas: Impact, Stakeholder Engagement, Internal Processes, and Learning and Growth.

We are confident that this OPI framework will enable URCA to provide greater transparency and accountability to our stakeholders, while facilitating a more effective and efficient regulatory environment in the ECS and ES sectors.

MARKET AND CONSUMER SATISFACTION SURVEYS

In 2022, URCA concentrated primarily on the execution of Market Surveys in the Electronic Communications Sector, which were significant contributors to several key ECS regulatory projects. URCA considers the views and opinions of consumers essential to the assessment of its obligation to achieve the policy objectives of the Electronic Communications and Electricity sectors. The surveys planned for 2023 are supplements to standalone projects, therefore, URCA has decided to no longer treat the execution of surveys as a separate project.

ELECTRONIC COMMUNICATIONS SECTOR PROJECTS

TIER I & II PROJECTS

In 2022, URCA made noteworthy progress of the ECS Tier I and Tier II projects identified in the Annual Plan. A summary of ECS's achievements against the 2022 Projects is set out below:

PUBLIC CONSULTATION ON 5G

In 2022, URCA surveyed industry groupings and end users to assess use cases/demand for advance connectivity (5G services) in The Bahamas. This survey is a crucial component for the development of the public consultation document on 5G services. URCA surveyed its major licensees, industry groups and end users. During this process URCA sought to determine the potential use cases of the advance mobile services, inclusive of 5G for government, businesses and end user, the geographical locations within The Bahamas where the advanced mobile service are needed and the investment in infrastructure required to facilitate 5G services. The Public Consultation Document on 5G is expected to be issued during the first trimester of 2023.

MARKET ASSESSMENT - THE FEASIBILITY OF A 3RD MOBILE OPERATOR

As set out in the electronic communications sector policy, the Government of The Bahamas will consider whether further liberalisation of the mobile telephone market should be undertaken in the form of a third mobile operator. The policy requires that URCA provide advice and recommendations to the government on this matter, including a feasibility and market analysis to support any recommendations made. URCA completed its assessment of the feasibility of a third mobile operator in 2022 and provided recommendations to the Government of The Bahamas in the first semester of 2023.

FRAMEWORK FOR PUBLIC SERVICE BROADCASTING

In 2022, URCA engaged the management and the Chairman of the Broadcasting Corporation of The Bahamas (BCB), as well as relevant government stakeholders, to discuss the framework set forth by URCA in ECS 13/2011 and any plans made, or actions taken to begin the transition of the state broadcaster into Public Service Broadcasting (PSB). Those conversations revealed that the necessary dialogue between the BCB and the government had not advanced significantly at that time and would be informed by the treatment of PSB in the Government's Electronic Communications Sector Policy (ECSP), which is revised every three years and expired in March 2023.

While PSB implementation would require some revision to the framework based on movement in the market sector trends led by technological evolution over the intervening 12 years, the recommendations for transition contained in the PSB framework prioritise changes in the BCB's role, remit, and corporate governance, as well as determining funding methods, which would require legislative changes that would require the government, which owns the BCB, act to lead its transition to PSB. Therefore, URCA plans to commence work on PSB in T2 2023 after the government publishes the ECSP and expects to complete it by the end of T3 2023.

REVIEW OF SPECTRUM MANAGEMENT

URCA continued its comprehensive review of the Spectrum Management functions in 2022 and in 2023 will commence the work of upgrading the Spectrum Monitoring System to meet the challenge of the ever-growing demands for spectrum use and the rapidly evolving technologies. To date, URCA has completed several milestones of its intended projected plan for spectrum management with further plans to embark on a National Spectrum Occupancy Audit.

REVIEW OF UNIVERSAL SERVICE FRAMEWORK

URCA will carry out a review of the existing universal service framework. Universal service in regulated industries refers to the provision of reasonable access to a baseline of services to all individuals regardless of income status and geographic reach. The review will be guided by the Government's vision and objectives in the 2023 - 2026 electronic communications sector policy which is being finalised. Once the sector policy is completed, the review will commence.

MARKET REVIEW OF RETAIL FIXED SERVICES INCL. PAY TV

Given the time elapsed since the 2014 market review of Fixed Services, i.e., fixed voice, fixed broadband and pay TV, URCA intended to begin a market review in late 2020/early 2021. The commencement of this project was impacted by the implementation of the wholesale Dedicated Internet Access (WDIA) obligations which experienced significant delays due to the need for input from both operators and repeated extension requests to provide responses. Having completed the WDIA implementation, URCA began the Retail Fixed Services Market Review in the third trimester of 2022 by preparing both an extensive consumer survey and requests for information from the operators. URCA issued the requests for information and began the consumer survey in early 2023. URCA originally anticipated completing this project in late 2023 but the completion date is dependent on timely responses from the operators.

REVIEW OF URCA'S POSITION ON OTTS

URCA has decided not to treat the review of OTTs as a separate workstream at this time hence it was removed from the 2023 Annual Plan. Consumer demand for OTTs relative to mobile phone services was covered in URCA's mobile market review that was completed in 2022. URCA's ongoing retail fixed services market review will cover consumer demand for OTTs in relation to fixed services including landlines and pay television.

REVIEW OF ELECTRICITY SECTOR PROJECTS FOR 2022

The close of 2022 saw the following overall average project status: Tier 1, six projects 46% complete; Tier 2, four projects 42% complete.

TIER I

LICENSEE ANNUAL PLANT AND OPERATIONS INSPECTIONS

Both the Electricity Act, 2015 and the public electricity supplier license conditions require and/or facilitate inspections of the licensees. This project is intended to develop the regulatory framework to conduct inspections with the objective to, inter alia, confirm the assets in the rate base, compliance with regulations and operational practices. A draft consultation document was prepared. The project has been carried over to 2023.

ELECTRICITY MARKET STUDY TO INFORM NATIONAL ENERGY POLICY

The National Energy Policy was published in 2013. Section 5(2) of the Electricity Act, 2015 requires the Minister to formulate and publish a revision every five years; hence, it should have been updated by 2018. This has not occurred. The project would involve URCA providing its recommendations to the government on revisions to the policy. While internal discussions took place on the project, URCA is awaiting guidance from the government on the scope of input/involvement desired. The project will not be carried over to 2023; however, the ES remains available to assist when called upon.

EFFICIENCY AUDIT

The purpose of the project is to assess the performance of Bahamas Power and Light (BPL) using financial, operational, and quality of service indicators and compare these to other relevant utilities in the region and internationally. This will aid in identifying areas of improvement and establish a baseline to track BPL's future performance. The operational audit is intended to form part of BPL's tariff review. As BPL underwent a leadership transition in the first trimester of 2022, URCA deemed it best to postpone the project to 2023.

In total, \$250,000 was budgeted for the project, \$70,000 of which was reallocated for the BPL Resource Adequacy Assessment to determine BPL's ability to meet the 2022 summer demand. That project was completed.

TECHNICAL STANDARDS FOR THE ELECTRICITY SECTOR

When the legislation governing the electricity sector was repealed and replaced by the Electricity Act, 2015 the technical supply standards were inadvertently left out. This project is to reestablish and improve on those standards. It was a 2022 Tier I project.

This workplan item is being dealt with in three parts: (1) major outage definition, (2) power quality standards, and (3) reliability standards. The consultation document (ES 03/2022) addressing major outage reporting was issued for public consultation on 31 October 2022. One response was received by the deadline of 30 November 2022. The Statement of Results was published on 3 March 2023 (ES 01/2023). Work will continue on the development of standards (items 2 and 3) for the sector in 2023.

GENERATION LICENSE

This project is intended to further develop the suite of licensees available in the electricity sector. The objective is to capture those entities operating generation more than 1 MW for the purpose of self-supply only. Examples include Atlantis and Bahamar. It was a 2022 Tier I project that has been carried over to 2023.

GUIDELINES FOR THE ASSESSMENT OF FINES AND BREACHES

Section 72 of the Electricity Act, 2015 empowers URCA to fine licenses for breaches. Section 7 requires regulatory measures to be "efficient and proportionate to their purpose and introduced in a manner that is transparent, fair and nondiscriminatory." The purpose of this project is to establish the regulatory framework to facilitate section 72 and comply with section 7.

ES 02/2022 Guidelines for the Electricity Sector on the Assessment of Fines for Breaches was issued for public consultation on 22 August 2022. No responses were received before the deadline of 30 September 2022. The deadline was extended to 31 October 2022. Only one response was received. The Statement of Results and Guidelines was published on 7 March 2023 (ES 04/2022 and ES 05/2022).

ACCOUNT SEPARATION GUIDELINES FOR PUBLIC ELECTRICITY SUPPLIERS

Both Public Electricity Suppliers (PES) and Authorized Public Electricity Suppliers (APES) are required to establish and maintain separate accounts for generation, transmission, and supply services for the primary purpose of tariff setting. In addition, separate accounts facilitate comparisons of performance among utilities. This project is to establish the regulatory framework for licensee account separation. A draft consultation document was prepared during the year. The project is scheduled for completion in 2023.

COMPETITION GUIDELINES AND RULES FOR THE ENERGY SECTOR

This project is intended to 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. It was a 2022 Tier II project that has been carried over to 2023.

Due to the specialized 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. A request for proposals (RFP) document was prepared. Based on feedback the project was expected to be overbudget. Consequent to internal discussions a decision was made to build off the work done in the Electronic Communications Sector to develop a unified approach. This should result in significant synergies and savings.

BATTERY STORAGE INTEGRATION

Battery Energy Storage Systems (BESS) have several technical benefits which can be utilized in generation, transmission and distribution systems. The objective of this project is to review the technology and applications and determine the interest for such projects in the sector. In this regard, URCA intends to initially undergo an informal consultation process for completion in 2023 to solicit feedback on matters related to the integration of battery storage in The Bahamas.

RENEWABLE ENERGY UTILITY SCALE DEVELOPMENT

The Small Scale Renewable Generation (SSRG) and Renewable Energy Self Generation (RESG) frameworks have been established in compliance with Sections 27 and 28, respectively, of the Electricity Act 2015. These frameworks facilitate renewable energy generation by residential, commercial, and government entities. The objective of this project is to establish the regulatory framework for utility scale renewable generation, per Section 26 of the Electricity Act 2015. This project was mentioned but not scheduled in the 2022 Work Plan and no funds were budgeted for it.

The ES commenced work on the project in 2022. The focus to date has been on the development of technical specifications for medium and large-scale renewable energy projects - a follow through on the RESG framework. Both BPL and URCA took advantage of the opportunity to work with the National Renewable Energy Laboratory (NREL), a US based body, through a \$400,000 grant arranged by the US Embassy in Nassau. There is a mutual desire - URCA and NREL - to continue to work 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 towards the end of 2022. The document will be issued for public consultation in 2023.

INTERNATIONAL PARTNERSHIP AND ENGAGEMENT

In 2022, there was a great deal of activity for the newly created International Relations Unit with specific reference to the Electronic Communication Sector. Key meetings and conferences reverted to in-person sessions and, in some cases, were held for the first time in two years as the impact of the COVID-19 Pandemic lessened. The International Telecommunication Union (ITU), which had postponed two of its major conferences, the World Telecommunication Standardization Assembly (WTSA), and the World Telecommunication Development Conference (WTDC), held both in 2022, in addition to the scheduled quadrennial Plenipotentiary Conference. The Inter-American Telecommunication Commission (CITEL) also held several of its PCC1 and PCC2 meetings in person.

Another remarkable aspect of the international work for URCA was the change in the official representation for The Bahamas at the ITU. The Government of The Bahamas, for the first time, appointed an Ambassador to the ITU. His Excellency Leon Williams presented his credentials to the then Secretary General Houlin Zhao in March of 2022 while attending WTSA. This appointment elevates The Bahamas' profile and its participation on the international stage. It also means that URCA is no longer the Government's official representative at the ITU. URCA will continue to provide much needed support and attend meetings in its capacity as the sector regulator.

The appointment of an ambassador to the ITU was timely and pivotal. The Bahamas, early in 2022, decided to seek re-election to the ITU Council. Ambassador Williams and URCA led two very active campaigns culminating in The Bahamas' re-election as one of nine members of the Americas Region to the ITU council. Of the 48 elected member states from six regions, The Bahamas received the 4th highest number of votes. The second campaign was to promote The Bahamas' candidacy for one of the five top elected posts at the ITU, the position of Director of one of the ITU's Development Bureau (BDT). Notwithstanding a very late announcement of its candidacy for this post, the candidate, former CEO of URCA and the current Deputy Bureau Director, Mr. Stephen Bereaux, performed extremely well, causing there to be three rounds of voting for the post before coming in second to Dr. Cosmos Zavazava of Cameroon.

The small, dedicated team from URCA is to be commended for its tireless efforts to promote both Bahamas candidacies, attending all the ITU's 2022 conferences, meetings of several of the other regions of the ITU, non-ITU information communication technology meetings and events in the Americas and the Caribbean.

In addition to bilateral and multilateral meetings, the team also organized several special events to facilitate presentations from senior policymakers and the candidate. As with its first election to the ITU council, The Bahamas was fully supported by the Caribbean Telecommunication Union (CTU) and is regarded as the council member for the Caribbean. For the first time, efforts led by the CTU, resulted in 13 of the CTU's 14 members participating in person in the Bucharest Plenipotentiary '22.

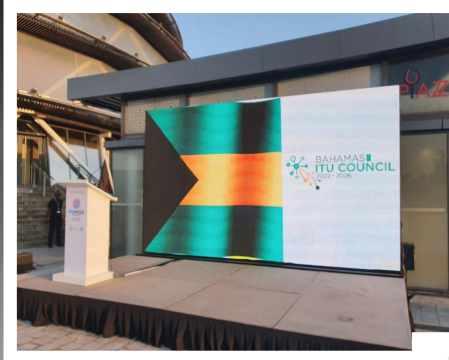
URCA continued as the official representative to CITEL participating in all CITEL's meetings held virtually and in person. In February, during the General Assembly, The Bahamas was re-elected as an executive member of CITEL. As one of 13 executive members of the Americas, The Bahamas participates in the agenda-setting activities, development of strategic and administrative plans for the region's telecommunications body as well as budget development and review exercise.

URCA's contribution internationally and regionally continues to be marked by the appointment/election and selection of its officers to serve in key leadership roles at the ITU and regionally. During the two-week WTDC held in Kigali, Rwanda, URCA's International and Government Relations Advisor (IGRA) was elected as a vice chairman of an important committee of the conference, Committee 3. This committee's mandate includes review and decisions regarding relevant resolutions, ensuring that the output is in accordance with a results-based management approach aiming to improve effectiveness and accountability.

At the regional level (CITEL), the IGRA was also appointed as chairman of the mentoring committee for female newcomers to ICT and serves on several other regional committees dealing with gender equality and accessibility for all, with emphasis on vulnerable groups such as persons with disabilities. During the recent Com/CITEL, The Bahamas was appointed Vice Chair of CITEL's PCC1 Council Working Group, WGCONF.

In establishing the IGRU, URCA pledged to involve more stakeholders in its work, introducing them to the broader themes of Information Communication Technology and its impact on the country's social, education, health, and economic development as well as policy making. Notwithstanding the focus on the ITU campaigns, The Bahamas, through the assistance of the United States Telecommunications Training Institute, was able to sponsor in full or partially, the participation of five young adults at the first-ever Generation Connect Youth Summit held just ahead of the WTDC in Kigali. URCA continues to engage with the group and envisions working with them as youth ambassadors for ICT and digitalization. In addition, Cable Bahamas also sent a small delegation to PP22 in Romania.

It was also envisioned that the work of the IGRU would not just focus on the ECS but also the ES. However, due to the number ECS related activities for 2022, there was little engagement internationally or regionally beyond the attendance at energy related conferences by members of the Electricity Sector.



BAHAMAS FOR ITU COUNCIL 2023 - 2026

EDUCATING AND SUPPORTING OUR STAKEHOLDERS

URCA'S Corporate and Consumer Relations Department (CCR) has a responsibility to ensure that URCA meets its legal responsibilities, and to deliver consumer education and drive stakeholder engagement.

In 2022, the further falling away of restrictions associated with the COVID-19 pandemic allowed for URCA to conduct hybrid and fully in-person events.

Consistent with its statutory obligations, URCA published its 2021 Annual Report and 2022 Annual Plan and conducted a hybrid Oral Hearing.

In April 2022, URCA, in conjunction with its major licensees, hosted the first in-person edition of Girls in ICTI Day since the pandemic began in 2020. A hybrid event took place at Fusion Superplex on Gladstone Road with approximately 110 New Providence students in attendance and 100 Grand Bahama and Family Islands students participating virtually.

Female professionals/leaders in the ICT space were able to present to the young ladies during a series of group and breakout sessions throughout the day.

As a part of its consumer education initiative, in July, the URCA team visited Eleuthera. The goal of the visit was to assess the current landscape of electronic communications and electricity services on the island and to create greater public awareness of URCA in the community.

URCA also began planning the implementation of FreshDesk, a multichannel cloud-based customer service software with smart automation. The software is meant to help improve URCA's complaints handling process, which was challenged by a need for better reporting, record keeping and tracking of consumer complaints. The use of the FreshDesk tool will create a single window complaint handling solution that allows for a more efficient complaints management process. Additionally, it will make it more feasible for sector regulators and the CCR team to address consumer complaints and create a greater degree of transparency as consumers will be able to track their complaints during the process. FreshDesk went live in the first trimester of 2023.

CCR also participated in the campaign to retain its seat on the International Telecommunications Union (ITU) Council 2022-2026. As part of that campaign, the CCR Team was responsible for creating associated marketing material. This included a two-page brochure promoting The Bahamas, business cards and invitations for a reception held in Kigali, Rwanda, in June, recognising The Bahamas' candidacy for council 2022-2026. The campaign was successful.

CCR also participated in the campaign to secure the position of director of ITU's Development Bureau, with The Bahamas coming in second in a hotly contested race.

Social media campaigns, marketing campaigns and surveys were used to gauge awareness of URCA in the community with useful findings gleaned that will enable URCA to better educate consumers and assist with their needs.



LEGAL MATTERS

During the 2022 annual period, the Legal Department advised on various matters of legal significance, in accordance with URCA's mandate, and assisted with URCA's compliance in the discharge of its statutory obligations and regulatory functions relative to the ECS and the ES. The Legal Department continued its oversight of URCA's litigation matters, and lent salient support to the regulated sectors by building and fostering an effective and efficient regulatory business environment.

OVERSIGHT OF LITIGATION

Highlighted below are matters of significance during the 2022 period:

- o ***Grand Bahama Power Company Ltd. v URCA***

This action remains before the court, with hope that the Court hearing could proceed during 2023.

- o ***UAT BPL Appeals***

The two Utility Appeal Tribunal (UAT) matters reported in 2020, which stem from Electricity Sector regulatory decisions involving Bahamas Power and Light (BPL), remain pending to be heard by the UAT.

ADVISORY AND FACILITATIVE FUNCTIONS

URCA's Legal Department carried out its advisory and facilitative role in matters related to the ECS and UES sectors, together with other documents produced by URCA, and advised on legal issues generally pertaining to the operational areas.

RISK MANAGEMENT

URCA remains committed to its Risk Management strategy and demonstrates this commitment through management's regular reviews of existing and mitigation plans agreed, incorporating recommendations of resulting internal audits and year-end reviews. Overall, Management continues to make progress in achieving the mitigation goals set relative to URCA's organisational risks.

CONCLUSION

URCA anticipates that there will be on-going contributions by, and continued assistance of, the Legal Department in its litigation, governance, advisory and risk management roles for the 2023 Annual Plan period.

SUMMARY OF 2022 OUTCOMES

STRATEGY



SUMMARY OF 2022 OUTCOMES

URCA's performance in Tier I and Tier II projects in the 2022 Annual Plan is set out in Table 1 and Table 2 below. The project completion timelines are expressed in trimesters (T1, T2 and T3).

TABLE 1: PERFORMANCE FOR 2022 TIER I PROJECTS

PROJECT	PROPOSED START PERIOD	PROPOSED END PERIOD	STATUS AS OF 31 DECEMBER 2022
GENERAL PROJECTS			
Implementation of URCA OPIs	T1, 2020	T3,2023	Ongoing
Market and Consumer Protection Survey	T3, 2020	T3, 2022	Temporarily removed from workplan
URCA 2023 Annual Plan	T3, 2022	T3, 2022	Draft Annual Plan published 21 DEC 2022
ELECTRONIC COMMUNICATIONS SECTOR PROJECTS			
Retail Cellular Mobile Market Review and Assessment under Section 39(1) and (2) of the Communications Act, 2009	AD HOC: Not in the Annual Plan	N/A	Completed. SoR & FD published on 15 July 2022
Investigation into Cable Bahamas Limited's Pay Television Quality of Service	AD HOC: Not in the Annual Plan	N/A	Completed. FD & Order 21 November 2022
Public Consultation on 5G	T1, 2023	T3, 2023	This project commenced with surveys of the industry groups/sectors.
Review of the Electronic Communications Sector Policy	T1, 2023	T2, 2023	Carried over to 2023.
Market Assessment--Feasibility of a 3rd Mobile Operation	T1, 2023	T2, 2023	Recommendation sent to Government of The Bahamas on 24 February 2023.
Review of Public Service Broadcasting Framework	T2, 2023	T3, 2024	Carried over to 2023.
Review of Spectrum Management	T1, 2020	T3, 2022	Ongoing
Review of Universal Service Framework	T1, 2020	T3, 2022	Carried over to 2023.
Review of Fixed services, incl. Pay TV	T3, 2019	T3, 2022	Carried over to 2023
Review of URCA's Position on OTT Services	T2, 2018	T2, 2022	Temporarily removed from Workplan
ELECTRICITY SECTOR PROJECTS			
Electricity Market Study to Inform National Energy Policy	T1, 2022	T3, 2022	Temporarily removed from Workplan

Efficiency Study Audit	T1, 2019	T3, 2022	Carried over to 2023
Technical Standards for the Electricity Sector	T1, 2021	T2, 2022	Completed. SoR & FD published 3 March 2023
Licensees Annual Plant & Operations Inspections	T1, 2021	T2, 2022	Carried over to 2023
General Licence	T2, 2021	T3, 2022	Carried over to 2023



TABLE 2 - PERFORMANCE, 2022 TIER II PROJECTS

Project	Proposed Start Period	Proposed End period	Status as of 31 December 2022
TIER II PROJECTS			
ICTs for Persons with Disabilities	T2, 2018	T3,2024	Carried Over to 2023
National Spectrum Plan 2024-2027	T2, 2023	T2, 2024	Carried Over to 2023
Efficiency Study Audit	T2, 2023	T1, 2024	In Progress
Competition Guidelines and Rules for the ES	T3, 2023	T1, 2024	In Progress



Table 3 below presents URCA's actual expenditure against its budgeted expenditure for 2022

TABLE 3 - ACTUAL vs. BUDGETED EXPENDITURE

CONSOLIDATED			
Category	Actual FY-2022	Budget FY-2022	Inc/(Dec)
Revenue	6,147,030	6,698,001	(550,971)
Other income	814,211	-	814,211
Total Income	6,961,241	6,698,001	263,240
Expenses:			
Staff Costs	3,167,827	3,117,637	(50,190)
Non-Executive Compensation	158,966	184,000	25,034
Executive Compensation	402,301	473,773	71,472
Professional Services	795,391	640,000	(155,391)
Conference, training and travel	101,801	96,521	(5,280)
Premises Costs and Utilities	294,353	212,200	(82,153)
Consumer education and Public Relations	95,482	156,000	60,518
Office Services	148,306	182,700	34,394
Information Technology	198,166	210,500	12,334
General and Administrative Expenses	776,155	377,000	(399,155)
Provision for doubtful accounts	34,807	600,000	565,193
Depreciation	376,223	447,670	71,447
Total Operating Expenses	6,549,778	6,698,001	148,223
Re-measurement of pension asset	(40,043)	-	(40,043)
Comprehensive Income	371,420	-	371,420
Capital Expenditure	162,600	532,400	369,800



ELECTRONIC COMMUNICATIONS			
Category	Actual FY-2022	Budget FY-2022	Variance
Revenue	3,985,589	4,147,332	(161,743)
Other income	761,616	-	761,616
Total Income	4,747,205	4,147,332	599,873
Expenses:			
Staff Costs	1,985,659	1,793,176	(192,483)
Non-Executive Compensation	95,380	110,400	15,020
Executive Compensation	207,493	226,788	19,295
Professional Services	582,569	601,200	18,631
Conference, training and travel	72,214	40,834	(31,380)
Premises Costs and Utilities	205,911	144,330	(61,581)
Consumer education and Public Relations	47,741	78,000	30,259
Office Services	109,485	137,700	28,215
Information Technology	158,388	168,400	10,012
General and Administrative Expenses	668,581	265,984	(402,597)
Provision for doubtful accounts	34,807	200,000	165,193
Depreciation	316,956	380,520	63,564
Total Operating Expenses	4,485,183	4,147,332	(337,851)
Re-measurement of pension asset	(40,043)		(40,043)
Comprehensive Income	221,979	-	897,681
Capital Expenditure	138,210	452,540	314,330



UTILITIES AND ENERGY			
Category	Actual FY-2022	Budget FY-2022	Variance
Revenue	2,161,441	2,550,669	(389,228)
Other income	52,595	-	52,595
Total Income	2,214,036	2,550,669	(336,633)
Expenses:			
Staff Costs	1,182,169	1,324,461	142,292
Non-Executive Compensation	63,586	73,600	10,014
Executive Compensation	194,808	246,985	52,177
Professional Services	212,822	38,800	(174,022)
Conference, training and travel	29,587	55,687	26,100
Premises Costs and Utilities	88,442	67,870	(20,572)
Consumer education and Public Relations	47,741	138,000	90,259
Office Services	38,821	45,000	6,179
Information Technology	39,778	42,100	2,322
General and Administrative Expenses	107,574	51,015	(56,559)
Provision for doubtful accounts	-	400,000	400,000
Depreciation	59,267	67,151	7,884
Total Operating Expenses	2,064,595	2,550,669	486,074
Re-measurement of pension asset	-	-	-
Comprehensive Income	149,441	-	(822,707)
Capital Expenditure	24,390	79,860	55,470



Tables 4 sets out URCA's results against its established Key Performance Indicators for 2022.

TABLE 4 - KEY PERFORMANCE INDICATORS 2022

* Figures are cumulative to end of trimester

Ref.	Category	Description	KPI Result 2022
S1	Statutory	Draft Annual Plan and Strategy published before the end of the financial year	Draft Annual Plan 2022 published on 22 December
S2	Statutory	Annual Report and Final Annual Plan published within four months of year-end	Annual Report 2021 and Annual Plan 2022 published on 30 April 2022
R1	Regulatory	Final Determinations to be published within one (1) month from closing date for comments on Preliminary Determination	R1 (ECS): 52 days R1 (ES): n/a
R2	Regulatory	Percentage of public consultations started within period stated in Annual Plan	R2 (ECS) : 20% R2 (ES): 0%
R3	Regulatory	Time to publish results, decisions, and other regulatory measures after close of consultation: 45 – 60 days 60 – 90 days >90 days	R3 (ECS) R3 (ES) 2 n/a n/a n/a n/a 1
R4	Regulatory	Licenses issued within: • 30 days – individual licences • 45 days – class licences	R4 (ECS): R4(ES): 6 1 44 0
R5	Regulatory	The volume of licences processed in the year	R5(ECS) R5 (ES) 50 1
F1	Finance	Cost of Finance (% of OPEX)*	8.64%
F2	Finance	Period end Cycle time (Working days)*	15
F3	Finance	Year-end Cycle time	31
F4	Finance	Budgeting Accuracy *	24.32%
F5	Finance	Cost of license invoice	\$43.89
F6	Finance	Debtor Days	21.9
F7	Finance	Number of Adjustments	4
F8	Finance	Value of Adjustments	\$11,063

F9	Finance	Payments made electronically	99.53%
F10	Finance	Long outstanding Debt	77.05%
HR1	Human Resources	Cost of HR function (as a % of total operating expense)	8.36%
HR2	Human Resources	Cost of HR function per employee	\$8,391.40
HR3	Human Resources	Ratio of employee to HR staff	12:1
HR4	Human Resources	Annual average learning and development days per employee	10.08
HR5	Human Resources	Turnover rate	11.24%
HR6	Human Resources	Annual average sick days per employee	1.74
HR7	Human Resources	Investment in learning and development as a % of payroll	0.63%
HR8	Human Resources	Cost of advisors as a % of total payroll	2.22%
HR9	Human Resources	% of roles held by permanent employees	96%
HR10	Human Resources	Average length of vacancy	132.5
HR11	Human Resources	Average cost of recruitment per vacancy	\$4106.71
HR12	Human Resources	% of new employees still in their post after 12 months of service	100%
HR13	Human Resources	% of eligible employees receiving an annual performance appraisal	100%
IT1	Information Technology	Cost of IT function as a percentage of total expenditure.	1.51%
IT2	Information Technology	Percentage of overall organisational cost invested in Information and Communication Technology annually (upgrades, new equipment etc.)	0.26%
IT3	Information Technology	The average dollar amount Invested in Information Communication and Technology per employee/user annually.	\$2,780.51
IT4	Information Technology	Percentage who can access the network and system remotely	100%

TABLE 5 - LICENSEE STATISTICS 2022

License Statistics 2022							
Individual Spectrum License							
Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Pr [D
Application Forms brought forward from 2021							
Jan-22	0	0	0	0	0	0	
Feb-22	0	0	0	0	0	0	
Mar-22	1	1	0	0	0	0	
Apr-22	0	0	0	0	0	0	
May-22	1	1	0	0	0	0	
Jun-22	2	0	0	0	0	0	
Jul-22	0	0	0	0	0	0	
Aug-22	1	0	0	0	0	0	
Sep-22	0	0	0	3	0	0	
Oct-22	1	0	0	0	0	0	
Nov-22	0	0	0	1	0	0	
Dec-22	1	0	0	0	0	0	
TOTAL	7	2	0	4	0	0	

Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Thirty (30) Days)	Pending	Incomplete	Rejected/Dropped	Total Number of Licences issued
			0			
0	0	0%	0	0	0	0
0	0	0%	0	0	0	0
4	4	100%	0	0	0	1
0	0	0%	0	0	0	0
13	13	100%	0	0	0	1
0	0	0%	2	0	0	0
0	0	0%	0	0	0	0
0	0	0%	1	0	0	0
42	14	100%	0	0	0	3
0	0	0%	1	0	0	0
13	13	100%	0%	0	0	1
0	0	0%	1	0	0	0
72	12	100%	1	0	0	6

Class Spectrum Licence Requiring Registration

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five (45) days	Total Number of Application Forms Processed outside of Forty Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	P
Application Forms brought forward from 2021							
Jan-22	7	0	0	4	0	0	1
Feb-22	4	0	0	7	0	0	1
Mar-22	2	0	0	4	0	0	7
Apr-22	6	0	0	2	0	0	5
May-22	5	0	0	5	0	0	1
Jun-22	0	0	0	5	0	0	1
Jul-22	5	1	0	0	0	0	2
Aug-22	0	0	0	4	0	0	9
Sep-22	2	2	0	1	0	0	6
Oct-22	4	1	0	0	0	0	1
Nov-22	5	2	0	2	0	0	8
Dec-22	4	0	0	3	0	0	6
TOTAL	44	6	0	37	0	0	9

Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty-Five (45) Days)	Pending	Incomplete	Rejected/Dropped	Total Number of Licences issued
			4			
06	27	100%	7	0	0	4
71	24	100%	4	0	0	7
8	20	100%	2	0	0	4
5	28	100%	6	0	0	2
25	25	100%	5	0	0	5
15	23	100%	0	0	0	5
1	21	100%	4	0	0	1
2	23	100%	0	0	0	4
8	23	100%	0	0	0	3
0	0	100%	3	0	0	1
8	22	100%	3	0	0	4
8	23	100%	4	0	0	3
97	23	100%	5	0	0	43

Individual Operating License							
Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	P
Application Forms brought forward from 2021							
Jan-22	0	0	0	0	0	0	0
Feb-22	0	0	0	0	0	0	0
Mar-22	0	0	0	0	0	0	0
Apr-22	0	0	0	0	0	0	0
May-22	0	0	0	0	0	0	0
Jun-22	0	0	0	0	0	0	0
Jul-22	0	0	0	0	0	0	0
Aug-22	0	0	0	0	0	0	0
Sep-22	0	0	0	0	0	0	0
Oct-22	0	0	0	0	0	0	0
Nov-22	0	0	0	0	0	0	0
Dec-22	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0

Class Operating Licence Requiring Registration							
Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five(45) days	Total Number of Application Forms Processed outside of Forty-Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Pr Ti
Application Forms brought forward from 2021							
Jan-22	1	1	0	0	0	0	9
Feb-22	0	0	0	0	0	0	0
Mar-22	0	0	0	0	0	0	0
Apr-22	0	0	0	0	0	0	0
May-22	0	0	0	0	0	0	0
Jun-22	0	0	0	0	0	0	0
Jul-22	0	0	0	0	0	0	0
Aug-22	0	0	0	0	0	0	0
Sep-22	0	0	0	0	0	0	0
Oct-22	1	0	0	0	0	0	0
Nov-22	0	0	0	0	0	0	0
Dec-22	0	0	0	0	0	0	0
TOTAL	2	1	0	0	0	0	9

Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty Five (45) Days)	Pending	Incomplete	Rejected/Dropped	Total Number of Licences issued
	9		0	0	0	1
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	1	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	9	100%	1	0	0	1

**2022
INDEPENDENT
AUDITORS'
REPORT**

SWIRE GOLD PRIME WINE SUNNY



UTILITIES REGULATION AND COMPETITION AUTHORITY

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of:
Utilities Regulation and Competition Authority**

Opinion

We have audited the accompanying financial statements of Utilities Regulation and Competition Authority (the "Authority") which is comprised of the statement of financial position as at December 31, 2022 and the related statements of income over expenditure and other comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2022, and of its financial performance and its cash flows for the year ended December 31, 2022 are in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Commonwealth of The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Utilities Regulation and Competition Authority (the "Authority"), for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2022.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control;



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our Auditors' Report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our Auditors' Report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

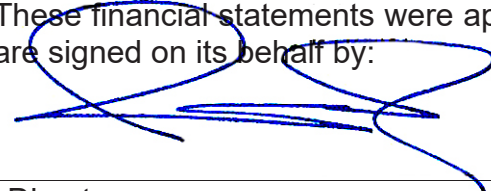
HLB Bahamas

April 3, 2023
Nassau, Bahamas

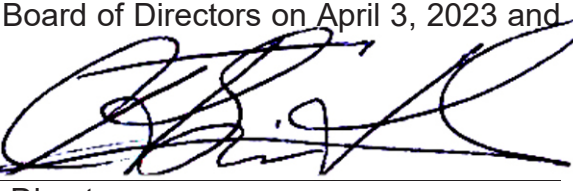
UTILITIES REGULATION AND COMPETITION AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(Expressed in Bahamian dollars)

	<u>2022</u>	<u>2021</u> (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment (Note 6)	\$ 4,940,654	\$ 4,481,226
Pension asset (Note 5)	-	26,444
Total non-current assets	4,940,654	4,507,670
Current assets		
Cash on hand and at banks (Note 9)	1,137,875	2,342,508
Accounts receivable (Notes 4 and 9)	1,381,965	594,445
Prepaid expenses and other assets	329,632	1,099,509
Total current assets	2,849,472	4,036,462
TOTAL ASSETS	\$ 7,790,126	\$ 8,544,132
LIABILITIES		
Non-current liability		
Pension liability (Note 5)	\$ 30,541	\$ -
Current liabilities		
Long-term debt (Note 7)	-	185,056
Accounts payable and accrued expenses (Note 9)	500,964	1,471,875
Total current liabilities	500,964	1,656,931
TOTAL LIABILITIES	531,505	1,656,931
NET ASSETS	\$ 7,258,621	\$ 6,887,201
NET ASSETS REPRESENTED BY:		
Contributed capital (Note 8)	\$ 1,537,891	\$ 1,537,891
URCA Fund:		
Not immediately required (Note 8)	3,695,880	3,134,310
Immediately required (Note 8)	2,024,850	2,215,000
TOTAL EQUITY	\$ 7,258,621	\$ 6,887,201

These financial statements were approved by the Board of Directors on April 3, 2023 and are signed on its behalf by:



 Director



 Director

The accompanying notes form an integral part of these audited financial statements.

UTILITIES REGULATION AND COMPETITION AUTHORITY
STATEMENT OF INCOME OVER EXPENDITURE AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

	<u>2022</u>	<u>2021</u> (Restated)
REVENUE		
Electronic communications operating licence fees (Notes 9 and 10)	\$ 3,985,589	\$ 3,553,228
Energy sector licence fees (Notes 9 and 10)	2,161,441	2,157,908
Telecommunications, radio communications, energy and other fees (Notes 9 and 10)	136,355	32,140
Total revenue	6,283,385	5,743,276
EXPENSES		
Salaries and benefits (Note 9)	3,718,124	3,463,249
Legal, professional and consultancy fees	795,392	876,421
Professional membership	574,183	176,797
Depreciation (Note 6)	376,223	328,899
Office services	240,909	172,314
Information technology	198,166	206,411
Premises occupancy costs (Note 9)	181,600	177,412
Premises repairs and maintenance	112,753	81,317
Communications (Note 9)	93,070	93,119
Advertising and public relations	84,332	138,557
Training	70,136	83,099
Travel	42,035	7,160
Provision for doubtful accounts	34,807	24,503
Automotive maintenance	13,487	17,086
Donations (Note 9)	11,150	35,080
Interest charges (Note 7)	3,411	14,859
Total expenses	6,549,778	5,896,283
OPERATING LOSS	(266,393)	(153,007)

(Continued)

The accompanying notes form an integral part of these audited financial statements.

UTILITIES REGULATION AND COMPETITION AUTHORITY
STATEMENT OF INCOME OVER EXPENDITURE AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

	<u>2022</u>	<u>2021</u> (Restated)
OTHER INCOME AND EXPENSES		
Fines	\$ 669,496	\$ -
Interest income	8,360	8,968
Gain (loss) on disposal of assets	-	(325)
Total other income (loss)	677,856	8,643
INCOME OVER EXPENDITURE (EXPENDITURE OVER INCOME)	411,463	(144,364)
OTHER COMPREHENSIVE EXPENSES		
Item that will not be reclassified subsequently to profit or loss:		
Remeasurement of pension asset (Note 5)	(40,043)	(118,311)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ <u>371,420</u>	\$ <u>(262,675)</u>
		<i>(Concluded)</i>

The accompanying notes form an integral part of these audited financial statement.

UTILITIES REGULATION AND COMPETITION AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

	URCA FUND			
	Contributed Capital	(Not immediately required)	(Immediately required)	Total
Balance as at January 1, 2021	\$ 1,537,891	\$ 3,455,603	\$ 2,025,000	\$ 7,018,494
Restatement adjustment		131,383		131,383
Balance as at January 1, 2021, as restated	<u>1,537,891</u>	<u>3,586,986</u>	<u>2,025,000</u>	<u>7,149,877</u>
Excess of income over expenditure - ECS	-	52,214	-	52,214
Excess of expenditure over income - ES	-	(196,579)	-	(196,579)
Funds not required for immediate use	-	(190,000)	190,000	-
Other comprehensive expenses (Note 5)	-	(118,311)	-	(118,311)
Balance as at December 31, 2021	<u>1,537,891</u>	<u>3,134,310</u>	<u>2,215,000</u>	<u>6,887,201</u>
Excess of income over expenditure - ECS	-	262,022	-	262,022
Excess of expenditure over income - ES	-	149,441	-	149,441
Funds not required for immediate use	-	190,150	(190,150)	-
Other comprehensive expenses (Note 5)	-	(40,043)	-	(40,043)
BALANCE AS AT DECEMBER 31, 2022	<u>\$ 1,537,891</u>	<u>\$ 3,695,880</u>	<u>\$ 2,024,850</u>	<u>\$ 7,258,621</u>

The accompanying notes form an integral part of these audited financial statements.

UTILITIES REGULATION AND COMPETITION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

	<u>2022</u>	<u>2021</u> (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditure (expenditure over income)	\$ 411,463	\$ (144,364)
Adjustments for:		
Depreciation (Note 6)	376,223	328,899
Provision for doubtful accounts (Note 4)	34,807	24,503
Interest expense	3,411	14,859
Loss (gain) on sale of property, plant and equipment	-	325
(Increase) decrease in operating assets:		
Accounts receivable	(822,328)	7,552
Prepaid expenses and other assets	769,877	(405,132)
Pension asset	(13,599)	60,791
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(970,911)	1,176,319
Pension liability	30,541	-
Net cash (used in) provided by operating activities	<u>(180,516)</u>	<u>1,054,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 6)	<u>(835,651)</u>	<u>(273,792)</u>
Net cash used in investing activities	<u>(835,651)</u>	<u>(273,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt principal repayments (Note 7)	(185,056)	(308,084)
Interest paid (Note 7)	(3,411)	(14,859)
Net cash used in financing activities	<u>(188,467)</u>	<u>(322,943)</u>
Net (decrease) increase in cash on hand and at banks	(1,204,634)	458,049
Cash on hand and at banks at the beginning of the year	2,342,508	1,884,459
Cash on hand and at banks at the end of the year	<u>\$ 1,137,874</u>	<u>\$ 2,342,508</u>

The accompanying notes form an integral part of these audited financial statements.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

1. GENERAL INFORMATION

Utilities Regulation and Competition Authority (the “Authority” or “URCA”) was established on August 1, 2009, as a corporate body, under the Utilities Regulation and Competition Authority Act, 2009 (the “Act”). The offices of the Authority are located at Frederick House, Frederick Street, New Providence, Bahamas.

The functions of the Authority are to: i) regulate the electronic communications sector (ECS) to further the interests of consumers in accordance with the electronic communications policy objectives; ii) regulate the energy sector (ES) in accordance with the goals, objectives and principles underpinning the national energy sector policies; iii) to represent the Government of the Commonwealth of The Bahamas (the “Government”) in regional and international organisations as provided for in the legislation; iv) charge and collect licence fees from regulated entities in accordance with relevant legislation, including billing and collecting communications licence fees and spectrum fees on behalf of the Government; and vi) perform any other duties or functions assigned to it under relevant legislation.

The ECS is regulated by URCA in accordance with the Communications Act, 2009 (the “Communications Act”) and the Electronic Communications Sector Policy. With the passing of the Electricity Act 2015 and the URCA (Amendment) Act 2015, on January 28, 2016 URCA commenced regulating the ES in addition to the ECS. As the independent regulator of the ES, URCA is responsible for the development of a regulatory regime which governs the generation, transmission, distribution and supply of electricity throughout The Bahamas as well as encourage an environment that promotes renewable energy.

URCA has a responsibility to ensure that funds related to and expenses attributable to each regulated sector are separated. The financial performance of the Authority is the result of the regulation of both the ECS and ES. The results of operations of both sectors are allocated to “the Fund”. It should be noted that the regulation of other sectors of The Bahamas economy may be added to URCA’s responsibility as determined by the Government, and consequent to the passing of legislation governing the regulation of any such sectors.

URCA’s decisions are appealable to the Utilities Appeal Tribunal, which was formed pursuant to the Utilities Appeal Tribunal Act, 2009. URCA is also responsible for billing and collection of the Tribunal Fee, through which the Tribunal is funded, on behalf of the Tribunal.

**UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Bahamian dollars)

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention. The preparation of financial statements in conformity with the IFRS for SMEs requires management to exercise its judgment in the process of applying its accordance accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 3(c), 3(d) and 3(e).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Cash on hand at banks

For the purposes of statement of cash flows, Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

b. Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Authority's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognised in the statement of income over expenditure and other comprehensive income.

c. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

It is the Authority's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Financial Instruments (Continued)

The Authority's financial assets include account receivables and cash and bank balances as they are held with the objective to collect contractual cash flows. They are included in current assets, except for maturities greater than 12 months after the reporting date.

Account receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables.

The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of income over expenditure and comprehensive income.

If in a subsequent period, the amount of the provision decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision account. When an account receivable is uncollectible, it is written off against the provision for doubtful accounts. Subsequent recoveries of amounts previously written off are credited to the statement of income over expenditure and other comprehensive income.

Financial liabilities:

Financial liabilities of the Authority are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs.

The Authority's financial liabilities include accounts payable and long-term debt. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Information systems	3 – 5 years
Vehicles	5 years
Furniture and office equipment	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when an event has occurred that indicates a need to re-evaluate useful lives. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of income over expenditure.

e. Income and expense recognition

Revenue is measured based on the consideration that the Authority expects to be entitled to in a contract with a licensee.

Licence fees

Revenue from licensing activities is recognised over the period of the applicable licence and is assessed based on licensee revenue recognition criteria which includes consideration of whether the licensee has the intent or ability to pay the bill when it becomes due.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Income and expense recognition (Continued)

Licence fees (continued)

In instances where the Authority has commenced determination procedures against licensees, but revocation has not been completed, the amounts billed during the year have not been recognised in the statement of financial position.

Certain licence fees are fixed and others are based on the revenues of the licensees. For licence fees based on licensee revenue, the Authority makes an estimate of the fee based on the latest available financial information of the licensee and recognises any increase or decrease in that estimate upon receipt of the final revenue amounts of the licensee for the applicable licence period. The applicable revenues for fee purposes are those earned in the licensee's fiscal year ending within the licence period.

All other income and expenses are recognised on the accrual basis of accounting.

Fines

Under Section 109 of the Communications Act and Section 72 of the Electricity Act, the Authority has the power to impose fines on licensees in instances where a licensee contravenes a provision of either Act, a licence condition, or regulatory and other measures. When an infraction occurs, URCA can impose fines on the licensee up to ten percent (10%) of its relevant turnover. Once a Final Determination and Order is issued, URCA recognizes revenue associated with fines as Other Income.

Fines imposed are subject to appeals that are presented for adjudication before the Utilities Appeal Tribunal ("the Tribunal").

For the year ended December 31, 2022, fines totaling \$669,496 (2021: nil) were assessed and ordered against licensees in accordance with the provision of the said Act and are currently under appeal before the Tribunal.

f. Pension benefits

The Authority operated both defined contribution and defined benefit pension plans in 2022. In December 2022, the defined benefit plan was closed to new entrants and contributions have ceased.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Pension benefits (Continued)

Effective 2016, all new hires' participation in the defined contribution pension plan is mandatory. The defined contribution plan requires that contributions by URCA equals a stipulated percentage of each participant's salary. The defined benefit plan requires contributions, determined by periodic actuarial calculations, to be made to a separately administered fund.

A defined contribution plan is a pension plan that defines the amount of the contributions to be made by the plan sponsor (URCA) and participant (employee). These contributions are placed in individual accounts maintained at a financial institution to the credit of the participant. The participant determines how the funds are invested and any amount that the participant receives on exiting the plan is not guaranteed but is determined by the quantum of contributions made by both sponsor and participant, vesting rules of the plan and how well the credited funds have been invested and the return of the investment.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset/liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in salaries and benefit expense in the statement of profit or loss.

The costs of providing benefits for the defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Pension benefits (Continued)

Past-service costs are recognised immediately in salaries and benefits expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Payments to the defined contribution plan are recognized as an expense when employees have rendered service entitling them to the contributions.

g. Taxation

The Authority is established under the laws of the Commonwealth of The Bahamas and therefore, is not subject to income, capital gains or other corporate taxes.

h. Fiduciary activities

The Authority collects certain fees from licensees on behalf of the Government. The assets associated with these activities includes cash held by URCA and receivables owed by the licensees to the Government and are excluded from the Authority's statement of financial position, as they do not belong to the Authority.

Under the Communications Act, the Authority is responsible for the granting of class spectrum licences requiring registration; enforcing conditions attached to such licences; billing and collecting fees consequential thereto and remitting all spectrum licence fees to the Consolidated Fund through the Ministry of Finance. Based on the Government directives, the Authority enforces collection of amounts owed by licensees to the Government. Funds held in bank accounts resulting from the billing and collection activities of government fees at December 31, 2022 were \$438,884 (2021: \$1,879,856).

The Authority and the Bahamas Maritime Authority (BMA) signed a memorandum of agreement effective August 30, 2010 in which there was a delegation of authority from the Authority to BMA to issue spectrum licences to maritime vessels registered under the Bahamian flag on behalf of the Authority.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Fiduciary activities

Under the terms of the memorandum, BMA will bill, collect and remit spectrum fees on behalf of the Authority for the Government. Additionally, under the terms of this memorandum neither party will be compensated for the services performed regarding the billing, collection and remittance of spectrum fees on behalf of the Government.

i. Segment reporting

The Authority uses as its basis for segmentation and reporting, the results of operations and the financial position of its separately managed business components for which management review the financial results.

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
<i>Accounts receivable</i>		
Electronic Communications	\$ 1,647,337	\$ 863,655
Energy	648,888	610,243
	<u>2,296,225</u>	<u>1,473,898</u>
<i>Provision for doubtful accounts</i>		
Electronic Communications	(731,187)	(696,380)
Energy	(183,073)	(183,073)
	<u>(914,260)</u>	<u>(879,453)</u>
Accounts receivable, net of provisions	\$ <u>1,381,965</u>	\$ <u>594,445</u>

Movements in provision for doubtful accounts are as follows:

	<u>2022</u>	<u>2021</u>
As at January 1	\$ 879,453	\$ 854,950
Increase in provision for doubtful accounts		
Electronic Communications	34,807	24,503
Energy	-	-
As at December 31	<u>\$ 914,260</u>	<u>\$ 879,453</u>

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
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5. PENSION BENEFITS

During 2022, the Authority funded two pension plans, one of which was a non-contributory defined benefit pension plan (the Plan) established for the provision of pension benefits to the members of the Plan. During 2016, the Plan was amended to allow active participants the option to transfer to the newly created defined contribution plan (DC Plan) and to be closed to new participants, sixteen (16) active participants voluntarily transferred from the Plan to the DC Plan. During 2021, the Plan was amended to allow active members to transfer to the DC Plan and pensioners to each receive a single lump sum as settlement for future pensions from the Plan. One of the two active members transferred to the DC Plan and all three pensioners opted for the lump sum settlement. The amount transferred for the active member was the estimate of what would have accumulated to the member's credit had a defined contribution plan been in place from the commencement of employment; for pensioners, the lump sum paid to each was the present value of lifetime future payments using a discount rate of 3.5%. The Authority considers that the elimination of all further obligations for one of the two active members and all inactive members with a lump sum payment is considered a settlement. As of December 31, 2022, there is 1 (2021: 1) member participating in the Plan. All assets of the Plan are invested in a fund managed and administered by an independent investment manager. An actuarial valuation was performed by an independent actuary as of December 31, 2022.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	5.50%	5.50%
Future salary increases	-	2.50%

Mortality rates have been taken from the 1994 Group Annuity Mortality Table.

The following tables summarise the components of net pension benefit expense and the funded status and amounts recognised in the statement of financial position for the Plan as determined as of the date of the last actuarial review.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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(Expressed in Bahamian dollars)

5. PENSION BENEFITS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 20,468	\$ 23,496
Loss due to settlement	-	60,849
Administrative costs	11,812	6,919
Net interest income	(414)	(11,015)
Total included in salaries and benefits	<u>\$ 31,866</u>	<u>\$ 80,249</u>

The pension plan asset is analysed as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets	\$ 473,802	\$ 653,201
Present value of benefit obligations	(504,343)	(626,757)
(Liability) asset in the statement of financial position	<u>\$ (30,541)</u>	<u>\$ 26,444</u>

Movements in the asset in the statement of financial position comprise:

	<u>2022</u>	<u>2021</u>
Asset as of beginning of the year	\$ 26,444	\$ 205,546
Pension benefit expense	(31,866)	(80,249)
Amount recognized in other comprehensive loss	(40,043)	(118,311)
Contributions	14,924	19,458
(Liability) asset as of end of the year	<u>\$ (30,541)</u>	<u>\$ 26,444</u>

Movements in the fair value of plan assets comprise:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets as of beginning of the year	\$ 653,201	\$ 1,163,656
Expected return on plan assets	30,492	59,362
Contributions	14,924	19,458
Administrative costs	(11,812)	(6,918)
Actuarial loss on plan assets	(12,293)	(18,848)
Benefits paid	(200,710)	(563,509)
Fair value of plan assets as of beginning of the year	<u>\$ 473,802</u>	<u>\$ 653,201</u>

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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5. PENSION BENEFITS (CONTINUED)

The major categories of plan assets are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 521,617	\$ 25,364
Fixed deposit	-	20,000
Bahamas government bonds	-	600,529
Other fixed income securities	-	20,357
Preferred shares	-	25,000
Total cash and investments	<u>\$ 521,617</u>	<u>\$ 691,250</u>

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Benefit obligations as at December 31, 2022 due to 1% change in the discount rate and future salary increases are shown below:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	1% p.a. Increase	1% p.a. Decrease	1% p.a. Increase	1% p.a. Decrease
Discount rate	\$ (64,410)	\$ 76,956	\$ (68,506)	\$ 81,438
Future salary increases	\$ -	\$ -	\$ 29,359	\$ (28,463)

Sensitivity Analysis (Continued)

- If all members lived one year longer, the benefit obligation would be \$548,532 (2021: \$641,055).
- The duration of the benefit obligation is 13.2 (2021: 11.9) years.

The Plan is responsible for making full pension payments to public officers transferred to the Authority for their period of employment in the Public Service and the PUC (that is, the pension will be based on combined employment with the Public Service, the PUC and the Authority).

**UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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5. PENSION BENEFITS (CONTINUED)

The Plan has the right to claim reimbursement from the Government for pension payments made to these persons in relation to the period of employment in the Public Service. Currently, no pension payments are being made to these persons.

Defined Contribution Plan

The Authority established a defined contribution plan during 2016. Employees are required to contribute a minimum of 5% and the Authority contributes 10%. The Authority's contributions totaled \$128,225 (2021: \$97,132) and there were 24 (2021: 22) participants in the Plan at December 31, 2022.

Correction of prior period error resulting in restatement

During the preparation of the financial statements of the Authority for the year ended December 31, 2022, management became aware of funds due to the Authority from the Defined Contribution pension plan holder. These funds represent contributions made by the Authority as plan sponsor to the plan, on behalf of employees who at the time of exit from the Authority based on plan vesting rules, did not qualify to receive full employer contribution benefit; these funds have accumulated for the period 2016 to 2022. The contributions due to the Authority have been recorded as other receivables and with an offset to salaries and benefits to reduce the pension expense. As a result of the funds remaining with the institution for the period 2016-2022, interest accumulated on the funds has been recorded as interest income.

The following table summarize the impact of restatement on the Authority's financial statements:

Summary of adjustments

As at January 1, 2021	Previously reported	Adjustments	Restated
Statement of Financial Position			
Accounts Receivable	\$ 454,094	\$ 131,383	\$ 585,477
URCA Fund – Not immediately required	2,993,959	131,383	3,125,342
Statement of Changes in Equity			
Excess of income over expenditure - ECS	3,455,603	131,383	3,586,986

(Continued)

**UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Bahamian dollars)

5. PENSION BENEFITS (CONTINUED)

Defined Contribution Plan (Continued)

Correction of prior period error resulting in restatement (continued)

Summary of adjustments As at December 31, 2021	Previously reported	Adjustments	Restated
Statement of Financial Position			
Accounts Receivable	\$ 585,477	\$ 8,968	\$ 594,445
URCA Fund – Not immediately required	3,125,342	8,968	3,134,310
Statement of Income Over Expenditure and Other Comprehensive Income			
Interest income	-	8,968	8,968
Income over expenditures	(153,332)	8,968	(144,364)
Comprehensive income (loss) for the year	(271,643)	8,968	(262,675)
Statement of Changes in Equity			
Excess of income over expenditure - ECS	43,246	8,968	52,214
Statement of Cash Flows			
Excess of income over expenditure	(153,332)	8,968	(144,364)
Interest income	-	8,968	8,968

(Concluded)

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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6. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Information System</u>	<u>Vehicles</u>	<u>Furniture and Office Equipment</u>	<u>Total</u>
COST						
Balance as at December 31, 2020	\$ 1,313,500	\$ 4,131,826	\$ 2,246,784	\$ 187,080	\$ 660,699	\$ 8,539,889
Additions	-	224,761	44,261	-	4,769	273,791
Disposals	-	-	(168,977)	-	(10,348)	(179,325)
Balance as at December 31, 2021	1,313,500	4,356,587	2,122,068	187,080	655,120	8,634,355
Additions	-	547,168	244,901	-	43,582	835,651
Disposals	-	-	(72,954)	-	(14,624)	(87,578)
Balance as at December 31, 2022	\$ 1,313,500	\$ 4,903,755	\$ 2,294,015	\$ 187,080	\$ 684,078	\$ 9,382,428
ACCUMULATED DEPRECIATION						
Balance as at December 31, 2020	\$ -	\$ 1,101,581	\$ 2,198,345	\$ 142,917	\$ 560,388	\$ 4,003,231
Depreciation	-	234,597	27,755	19,999	46,548	328,899
Disposals	-	-	(168,653)	-	(10,348)	(179,001)
Balance as at December 31, 2021	-	1,336,178	2,057,447	162,916	596,588	4,153,129
Depreciation	-	274,835	61,915	12,499	26,973	376,223
Disposals	-	-	(72,954)	-	(14,624)	(87,578)
Balance as at December 31, 2022	\$ -	\$ 1,611,013	\$ 2,046,409	\$ 175,415	\$ 608,937	\$ 4,441,773
NET BOOK VALUE						
Balance as at December 31, 2021	<u>\$ 1,313,500</u>	<u>\$ 3,020,409</u>	<u>\$ 64,621</u>	<u>\$ 24,164</u>	<u>\$ 58,532</u>	<u>\$ 4,481,226</u>
Balance as at December 31, 2022	<u>\$ 1,313,500</u>	<u>\$ 3,292,742</u>	<u>\$ 247,606</u>	<u>\$ 11,665</u>	<u>\$ 75,141</u>	<u>\$ 4,940,654</u>

**UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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7. LONG-TERM DEBT

The Authority entered into a long-term financing agreement with First Caribbean International Bank in 2017 for \$1,000,000 to assist with the purchase of URCA's current premises, Frederick House. The term of the debt is 5 years with a 10-year amortization at an interest rate of Bahamian Dollar Prime (currently 4.25%) and is secured by Frederick House. Interest charges of \$3,411 (2021: \$14,859) were recognized on this loan in 2022. Principal payments made in 2022 were \$185,056 (2021: \$308,084).

In October 2022, the Authority entered into another long-term financing agreement with FCIB to assist with the renovation of Frederick House. The term of the debt is 5 years with a 10-year amortization at 4.5% interest and secured by Frederick House. There has been no drawn down of funds at December 31, 2022.

8. OPERATING SEGMENTS – FUND BALANCES

Contributed capital

The net assets transferred to the Authority were designated as contributed capital based on legislation enacted at the time; and revenue earned from transferred deferred revenue relating to regulatory activities no longer performed or from which fees are no longer earned by the Authority, net of any expenses associated with the net assets transferred from the PUC, are allocated to contributed capital.

Utilities Regulations and Competition Authority Fund (URCA Fund)

Under the Communications and Electricity Acts, charges and fees levied by the Authority are to be determined in order to: cover the annual budgeted costs of its functions under the Communications and Electricity Acts; recover any deficit from previous years; and take into account any surpluses. As disclosed in Note 1, the Amendment Act (2013) repealed and replaced section 37 of the principal Act with the following conditions relative to the Electronic Communications Fund (EC Fund): monies paid into the EC Fund that are not immediately required by the Authority are to be considered surplus funds; the Minister of Finance at the end of the financial year may authorize the Authority to reserve from the surplus funds such sums as the Minister may determine; subject to the aforementioned, at the end of each financial year the Authority shall pay into the Consolidated Fund all surplus funds standing to the credit of the Authority.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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8. OPERATING SEGMENTS – FUND BALANCES (CONTINUED)

Utilities Regulations and Competition Authority Fund (URCA Fund) (Continued)

The Amendment Act (2013) also repealed section 40 of the principal Act, which provided for the Authority to impose sufficient fees and charges to carry out its duties including anticipated costs for the forthcoming financial year and allowed it to retain surplus funds to be applied for subsequent years.

The CEO assesses the performance of the operating segments of the Authority. Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions. The CEO considers the business based on the following operating segments.

- Electronic communications sector;
- Energy (Electricity) sector

The operating segments derive their revenue primarily from licence fees issued to sector participants. All of the Authority's business activities and operating segments are reported within the above segments. The segment information provided to the CEO for the operating segments, (which also represent the reportable segments) is as follows:

DESCRIPTION	Electronic Communications	Energy (Electricity)
Revenue	\$ 3,985,589	\$ 2,161,441
Other income	761,616	52,595
Total income	<u>\$ 4,747,205</u>	<u>\$ 2,214,036</u>
Expenses:		
Staff costs	\$ 2,281,949	\$ 1,436,175
Professional services	582,569	212,822
Depreciation	316,956	59,267
General and administrative services	668,581	107,574
Premises occupancy costs	205,911	88,442
Information technology	158,388	39,778
Consumer education and public relations	47,741	47,741
Office services	109,485	38,821
Conference, training and travel	78,796	33,975
Provision for doubtful accounts	34,807	-
Total expenses	<u>4,485,183</u>	<u>2,064,595</u>

(Continued)

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
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8. OPERATING SEGMENTS – FUND BALANCES (CONTINUED)

Utilities Regulations and Competition Authority Fund (URCA Fund) (Continued)

DESCRIPTION	Electronic Communications	Energy (Electricity)
Excess of income over expenditure	\$ 262,022	\$ 149,441
Other comprehensive expense	(40,043)	-
Opening Fund Balance – January 1, 2022	5,411,406	(62,096)
Closing Fund Balance – December 31, 2022	\$ 5,633,385	\$ 87,345

(Concluded)

DESCRIPTION	Electronic Communications	Energy (Electricity)
Revenue	\$ 3,553,228	\$ 2,157,908
Other income	29,938	12,170
Total income	<u>3,582,166</u>	<u>2,170,078</u>
Expenses:		
Staff costs	\$ 1,633,139	\$ 1,830,110
Professional services	725,998	150,423
Depreciation	271,064	57,835
General and administrative services	222,734	95,401
Premises occupancy costs	180,231	78,499
Information technology	164,821	41,590
Consumer education and public relations	149,249	24,388
Office services	115,606	40,432
Conference, training and travel	42,282	47,978
Provision for doubtful accounts	24,503	-
Total expenses	<u>3,529,627</u>	<u>2,366,656</u>
Excess of income over expenditure	52,539	(196,578)
Loss on disposal of property, plant and equipment	(325)	-
Other comprehensive loss	(118,311)	-
Opening Fund Balance – January 1, 2021	5,477,503	134,482
Closing Fund Balance – December 31, 2021	\$ 5,411,406	\$ (62,096)

**UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Bahamian dollars)

8. OPERATING SEGMENTS – FUND BALANCES (CONTINUED)

Utilities Regulations and Competition Authority Fund (URCA Fund) (Continued)

Prior to January 1, 2017, the URCA Fund consisted of surplus funds that have been accumulated since the commencement of operations of the Authority. These surplus funds at December 31, 2016 totaled \$3,175,638 are assigned to the Electronic Communications Sector and until January 1, 2017 was included in the financial statements as the Electronic Communications Fund.

The Authority will determine, at the end of each financial year, whether any fund balances include amounts that are required in respect of existing contracts, planned projects and other commitments which are anticipated to arise and become payable during the first quarter of the following year. Such amounts will be designated as funds immediately required by the Authority. As at December 31, 2022, \$2,024,850 (2021: \$2,215,000) has been designated as funds immediately required. Additionally, under section 40 of the Communications Act, the Authority was to retain any excess sums collected for application to the following financial year(s). In previous years, 2009-2012 (prior to the repeal of section 40), the Authority utilized surpluses in the fund to amend charges and fees in subsequent years levied on the licensees by the Authority.

9. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise: i) Government ministries and departments; ii) Government corporations and agencies; iii) entities controlled by the Government; iv) entities in which the Government has a significant ownership interest; and v) key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements, are as follows:

	<u>2022</u>	<u>2021</u>
<i>Assets</i>		
Cash at banks	\$ 588,241	\$ 1,891,643
Accounts receivable	614,865	388,230
	<u>\$ 1,203,106</u>	<u>\$ 2,279,873</u>
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 14,980	\$ 1,028,491

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	<u>2022</u>	<u>2021</u>
<i>Revenue</i>		
Electronic communications operating license fees	\$ 1,917,331	\$ 1,622,900
Energy sector licence fees	2,072,492	2,114,825
Telecommunications, radio communications, energy application and other fees	500	600
	<u>\$ 3,990,323</u>	<u>\$ 3,738,325</u>
<i>Expenses</i>		
Salaries and benefits	\$ 76,920	\$ 69,982
Communications	35,541	41,764
Premises occupancy costs	96,291	97,525
	<u>\$ 208,752</u>	<u>\$ 209,271</u>
<i>Other expenses</i>		
Donations	10,000	10,000
Training	1,456	-
	<u>\$ 11,456</u>	<u>\$ 10,000</u>

As at December 31, 2021, included in Assets (Cash at banks) and Liabilities (Accounts Payable) is \$1,022,821 deposited by a licensee for payment of Communication fees which was transferred to the Government of The Bahamas after year-end. As at December 31, 2022, the balance of Communications fees included in Assets and Liabilities is nil.

Key Management Compensation - Key management personnel comprise the members of the Board, the chairman of the Audit Committee and members of the Executive Committee. The executive members of the Board and two (2021: 5) other members of the Authority's management constitute the Executive Committee. Compensation of key management personnel for the year for salaries and other short-term benefits amounted to \$956,505 (2021: \$1,221,898).

10. COMMITMENTS AND CONTINGENCIES

Contingencies

The Authority is party to several legal cases involving its major licensees in the electronic communications sector, including a related party. In most instances, the cases involve breaches of the Telecommunications Act and Telecommunications Sector Policy, or challenges against the rulings by the Authority brought by licensees. Costs associated with these legal cases are uncertain, and will depend on whether or not the Authority is successful; which is not possible to predict. Accordingly, no provisions have been made in these financial statements relative to the legal proceedings.

UTILITIES REGULATION AND COMPETITION AUTHORITY
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in Bahamian dollars)

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments utilised by the Authority include the recorded financial assets and liabilities, and their estimated fair values approximate their carrying value due to the relatively short-term nature of these instruments.

12. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to: i) safeguard its ability to continue as a going concern; and ii) maintain a capital base sufficient to support the expected expansion of its regulatory powers and associated operations.

13. POST COVID-19 EFFECTS

The effects of novel coronavirus ("COVID-19") pandemic have diminished during the year as the State of Emergency that has existed since 2020 ended at the end of 2021.

To mitigate residual adverse effects of restrictions in working capital of licensees, the Authority continued in 2022 and plans to extend to licensees an opportunity to participate in an URCA fee installment payment plan in 2023. Licensees electing to participate in this plan are allowed to settle the fee in monthly installments without incurring interest charges so long as the payments are made as agreed. In the event the licensee does not abide by the agreement, the unpaid fees become payable and interest charges are assessed on outstanding balances.

At the statement of financial position date, the Authority has not experienced a significant impact to its financial performance or operations.

14. SUBSEQUENT EVENTS

Management has evaluated the possibility of subsequent events existing in the financial statements through March 29, 2023, the date financial statements were made available to be issued. Management has determined that there are no material events that would require adjustment in the financial statements.



2023 ANNUAL PLAN





Utilities Regulation & Competition Authority





THE UTILITIES REGULATION AND COMPETITION AUTHORITY (URCA)

URCA considers your health and that of our employees our first priority and will continue to do all within our power to minimize any risk that coronavirus poses to the people of the Bahamas.

URCA recognizes the general public's use electronic services such as email, telephone or our website to contact our office.

If you must visit our office, we kindly ask that you comply with our In-Office Visitor Protocols.

In-Office Visitor Protocols

-  Facial masks or covering must be worn upon entering URCA office and must remain on during your visit.
-  Please sanitize hands upon entering the office.
-  Staggered queues will be in place between visitors and URCA's receptionists.
-  Please practice social distancing at all times during your visit at the office.
-  Place all document deliveries in receptacle as directed by receptionists.

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"Improving Lives Through Effective Utilities Regulation"

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 Electronic Communications Sector (ECS) and Electricity Sector (ES) regulator, 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 reliance on Information 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 trying 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 influenced 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 by fully implementing URCA's Organizational Performance Index, designed to effectively measure URCA's impact on the regulated sectors. Additionally, URCA will develop and implement a well-researched assessment tool to more accurately determine the allocation of URCA's operational costs across the regulated sectors to assist our 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 governance oversight, development and implementation of regulations, and procedures for interaction with consumers; and
- Sustaining and improving the learning and growth of employees to ensure the organisation is building capacity to remain skilled, collaborative, internationally aware and internally motivated.

STRATEGIC OUTLOOK

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 that are aligned with the Communications Act, the Electricity Act, the National Energy Policy and the Electronic Communications Sector Policy;
- analysing and justifying any proposed intervention and, where applicable, monitoring outcomes; • explaining the strategic and economic rationale for regulatory interventions;
- 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 outcomes of consumer, stakeholder and industry engagements.

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 applicable projects across both the electronic communications and electricity sectors and projects that advance other organisational initiatives and 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 our stakeholders that all projects fall into two categories: Tier I or Tier II. The 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.
- URCA has limited control over the completion date (e.g., approval is external to URCA). For example, the Communications Act and the Electricity Act require URCA to consult with the Minister or seek the Minister's approval on certain matters (such as the drafting of The Electronic Communications Sector Policy and the National Spectrum Plan). In such cases URCA is obliged to await the Government retort and approval.

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

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.

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 Election 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 3.1 lists the projects that URCA will carry over to the 2023 workplan.

General Projects Carried Over to 2023	Electronic Communication Sector Projects Carried Over to 2023	Electricity Sector Projects Carried Over to 2023
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

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.

Project	Proposed Start Period	Proposed End Period	Consultation Publication Date	Final Decision Publication
General Projects				
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).

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. URCA worked in tandem with the Government through the Commonwealth of The Bahamas Ambassador to the International Telecommunications Union (ITU) Leon Williams to deepen its relationship with the ITU.

In 2023, URCA will work with The Bahamas Ambassador to the ITU to advance the ICT policy objectives of the Government of The Bahamas at the ITU Council, Organization of American States, Inter-American Telecommunications Commission (CITEL), and Caribbean Telecommunications Union (CTU).

A more focused and strategic international engagement programme in 2023 will create alliances with other small island developing states (SIDS) to influence initiatives and changes at global and regional bodies that ensure universal growth and development. The Bahamas' retention of a seat on the ITU Council allows us to represent the Caribbean Region and our collaborative approach ensures the interests of Caribbean states and other SIDS are advanced.

CORPORATE AND CONSUMER RELATIONS PRIORITIES FOR 2023-2024

The public can expect more activities 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 in collaboration with sector regulators, 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 stakeholders 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 local and international regulatory development and, where possible, to collaborate to develop the two regulated sectors further.

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.

Project	Proposed Start Period	Proposed End Period	Consultation Publication Date	Final Decision
TIER I PROJECTS				
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	T3, 2023	T1, 2023	T1, 2024
Review of Universal Service Obligations Framework and Implementation	T3, 2023	T3, 2024	T3, 2024	T3, 2024
Review of Fixed Services, Including Pay TV	T1, 2023	T1, 2024	T1, 2024	T1, 2024
Spectrum Management Project	T1, 2018	T3, 2023	N/A	N/A
Public Service Broadcasting Framework	T1, 2023	T3, 2023	T3, 2023	T3, 2023
Public Consultation on 5G	T2, 2022	T2, 2023	T2, 2023	T2, 2023
TIER II PROJECTS				
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).

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.

Project	Start Period	End Period
TIER I PROJECTS		
Licensees Annual Plant & Operations Inspections	T1, 2021	T3, 2023
Technical Standards for the Electricity Sector	T1, 2023	T3, 2023
Generation Licence	T1, 2023	T3, 2023
Account Separation Guidelines for ES	T2, 2023	T3, 2023
Battery Storage Integration	T1, 2022	T3, 2023
TIER II PROJECTS		
Efficiency Study Audit	T2, 2023	T1, 2024
Competition Guidelines and Rules for the ES	T3, 202	T2, 2024



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

Statutory/Regulatory
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.

BUDGET FOR FISCAL YEAR 2023

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.

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
Total Operations Expenditure (OPEX)	5,920,762	6,250,331	7,684,057
Depreciation	296,835	447,670	274,100
Total Operating Budget Recovered through URCA fees	6,217,597	6,698,001	7,958,657
Capital Expenditure	675,500	532,400	2,861,500

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.

ELECTRONIC COMMUNICATIONS SECTOR 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
Total Operations Expenditure (OPEX)	3,359,410	3,766,812	4,638,915
Depreciation	243,809	380,520	232,985
Total Operating Budget Recovered through URCA fees	3,603,219	4,147,332	4,871,900
Capital Expenditure	574,175	452,540	2,368,525

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.

ELECTRICITY SECTOR BUDGET 2023

Below is the summary of URCA's draft 2023 budget for its regulatory activities in the ES compared with its budget for the preceding two years.

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
Total Operations Expenditure (OPEX)	2,561,353	2,483,518	3,045,143
Depreciation	53,025	67,151	41,115
Total Operating Budget Recovered through URCA fees	2,614,378	2,550,669	3,086,258
Capital Expenditure	101,325	79,860	462,975

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.

PROJECT DESCRIPTION AND PROGRESS UPDATE

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.

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 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.

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 the standards before August 2023.

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

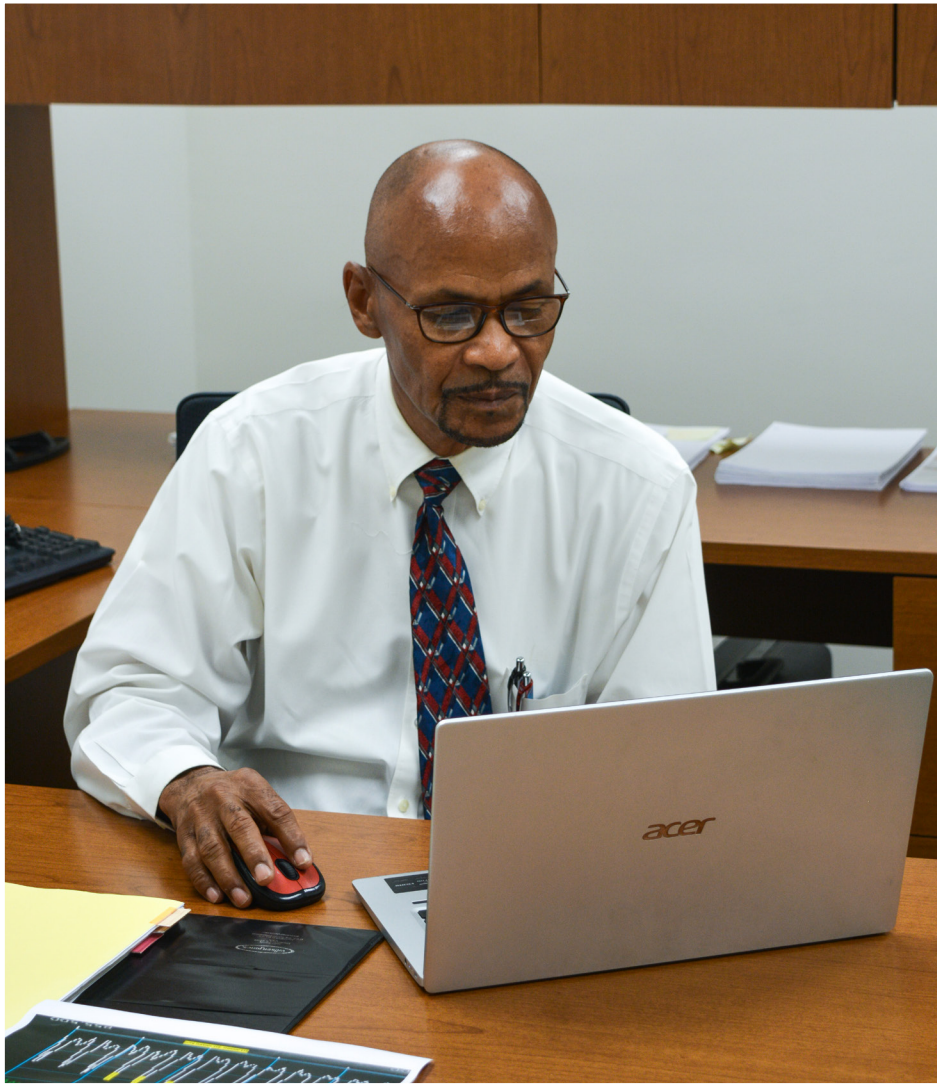
The Competition Guidelines and Rules for the ES will establish the regulatory framework with two main components: (1) to assess and enforce against anti-competitive agreements and practices, per Part XI of the Electricity Act, 2015, and (2) to assess and accommodate a change in control of a licensee, 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.

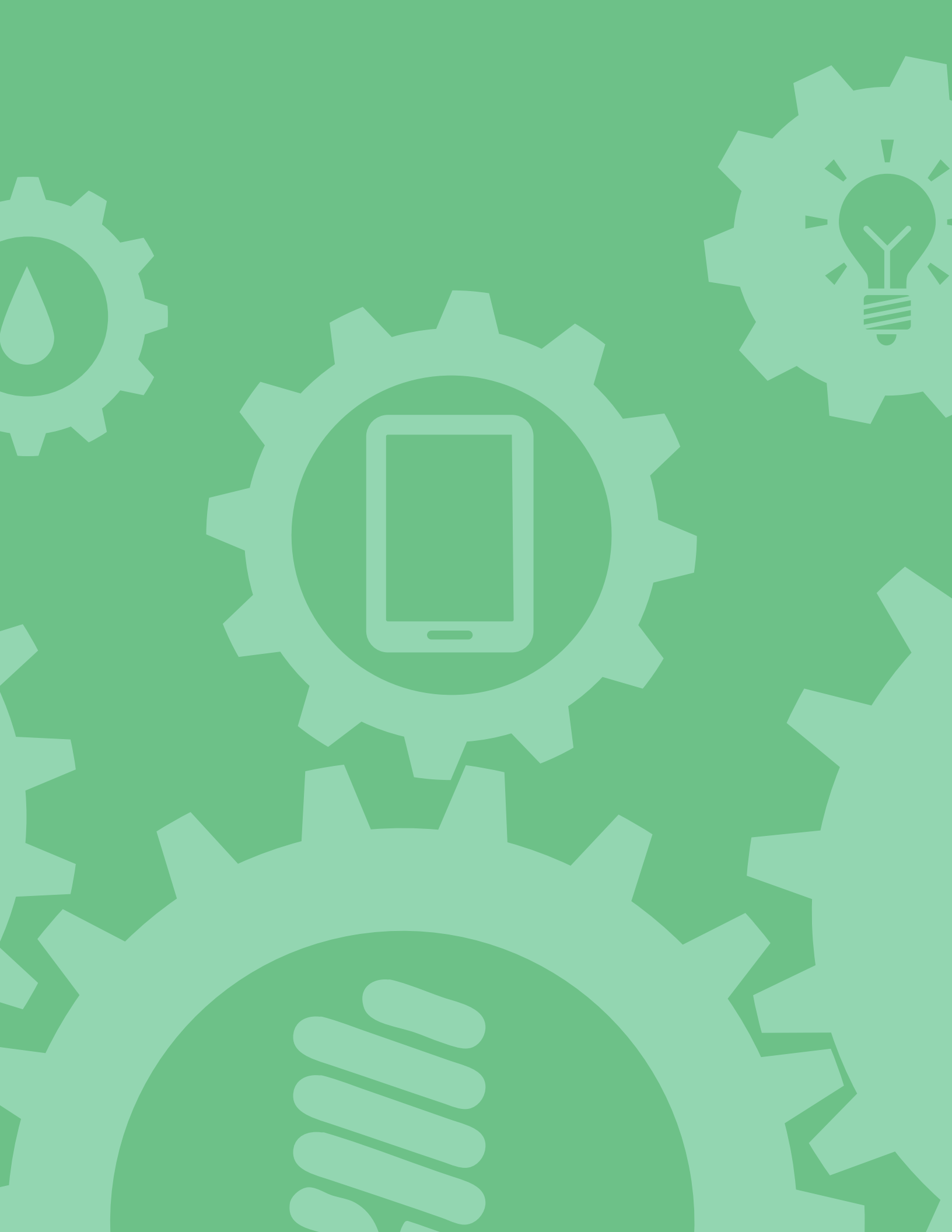
Renewable Energy Utility Scale Development

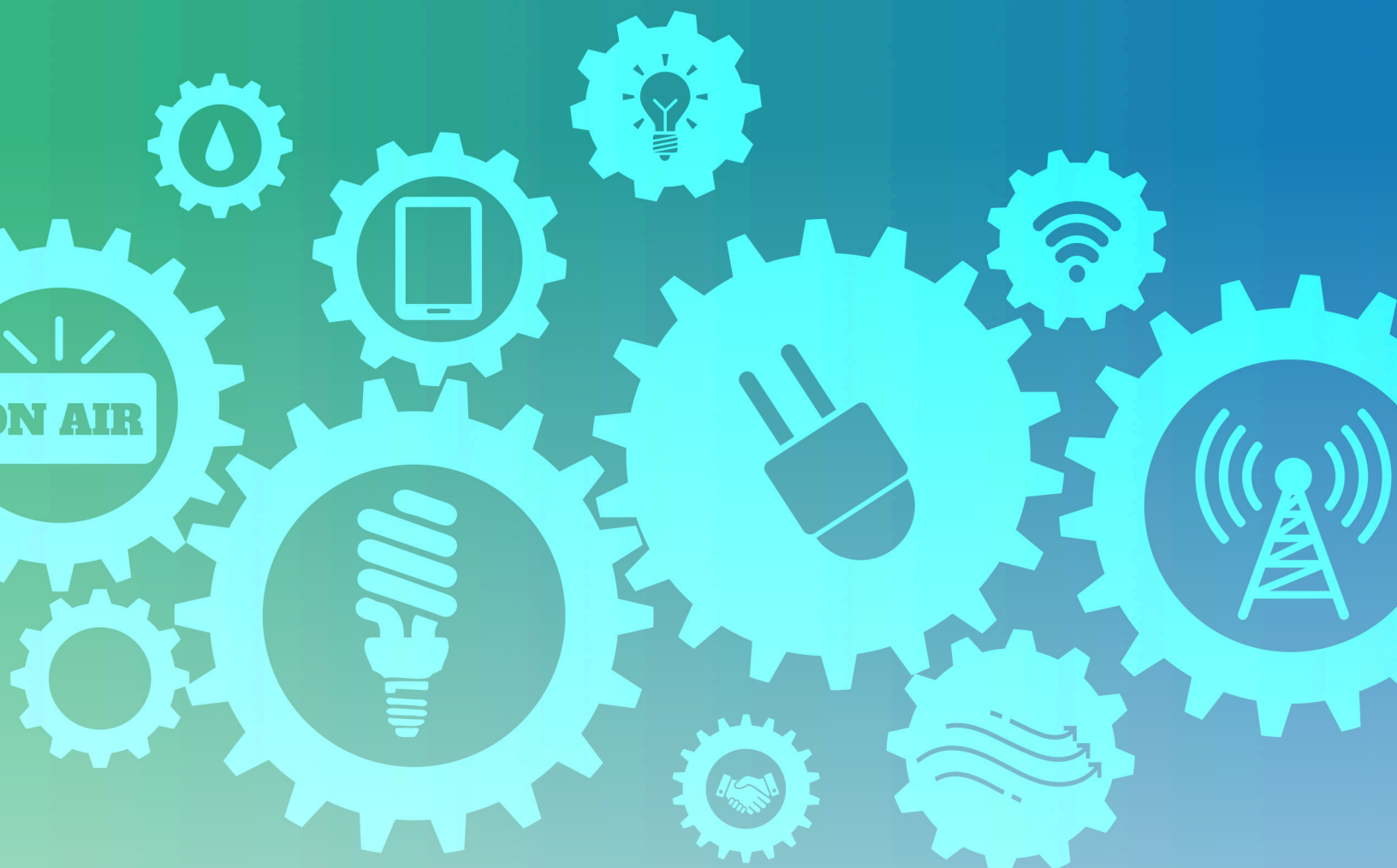
URCA has established The Small-Scale Renewable Generation (SSRG) and Renewable Energy Self Generation (RESG) frameworks in compliance with Sections 27 and 28 of the Electricity Act, 2015. These frameworks facilitate renewable energy generation by residential, commercial and government entities. This 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.










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