



# **URCA Draft Annual Plan and Budget 2020**

**URCA 08/2019**

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# **1. Introduction**

## **1.1 Structure of the Plan**

The Utilities Regulation and Competition Authority (“URCA”) is pleased to publish its draft Annual Plan for 2020. The remainder of this document outlines:

- A brief review of URCA’s achievements in 2019;
- URCA’s focus areas and key priorities for 2020;
- URCA’s key projects for 2020, including its planned consultation schedule for the year;
- A series of the key performance indicators which URCA shall use to measure its performance during the year; and
- URCA’s budget for the forthcoming financial year.

Details on how to respond are provided in section 1.2 below.

## **1.2 Responding to this Draft Plan**

URCA invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this draft Annual Plan.

The timetable for responses to this draft Annual Plan is as follows:

- All submissions to this consultation should be submitted by 5pm on 28 February 2020;
- URCA shall endeavour to publish these responses by 5pm on 2 March 2020;
- Comments on the submissions to this consultation may be submitted by 16 March 2020; and,
- URCA shall endeavour to publish the final version of its Annual Plan by 15 April 2020.

In addition, prior to publication of the Annual Plan and as part of the consultation on this draft Annual Plan, URCA will hold at least one stakeholder forum to present the draft Annual Plan and to allow key stakeholders (licensees, Government agencies, and civil society) an opportunity to provide input. URCA has tentatively scheduled the New Providence forum for 20 February 2020, and will also use scheduled Pop-Up offices, focus groups and public meetings in Grand Bahama and Eleuthera in January and February 2020 to afford interested persons an additional opportunity to provide input on the Annual Plan.

Written submissions or comments on the draft Annual Plan should be submitted to the Chief Executive Officer, URCA either:

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

## **2. Review of URCA's Achievements in 2019**

### **2.1 Overview**

The final version of URCA's 2019 Annual Plan was published on 30 April 2019 together with URCA's Annual Report for 2018. In the Annual Plan URCA set out several projects which would be undertaken with proposed timelines. URCA takes this opportunity to note that the document was published later than anticipated in the Draft Annual Plan 2019, and to signal its intent to achieve the timelines proposed.

During 2019 URCA continued to experience challenges with its regulatory impact in the Electricity Sector (ES). This was compounded by a series of significant outages experienced on the network of Bahamas Power & Light Ltd (BPL) on New Providence island resulting from shortages in BPL's generating capacity. URCA's resources have been engaged with collecting information and conducting investigations on the matters which may have contributed to these outages and expects to complete its regulatory measures in early 2020. Notwithstanding this, good progress was made in increasing renewable penetration for small scale residential and commercial users, and toward the end of 2019 URCA completed its Renewable Energy Self Generation intervention, which seeks to facilitate Government and commercial renewable projects.

2019 marked the tenth anniversary of URCA's regulation of the the Electronic Communications Sector (ECS), and URCA's work was focussed on improving and enhancing its regulation of this critical sector, and ensuring that appropriate competition enhancing measures are in place and properly suited to the sector as it grows with the fast paced changes in ICTs globally. Encouraged by the announcement that Sen. J. Kwasi Thompson, Minister of State for Grand Bahama would assume responsibility as ECS Minister, URCA engaged the Government on various issues relating to the ECS and measures to enhance the development of ICTs in The Bahamas.

Hurricane Dorian, the most powerful hurricane to hit The Bahamas, impacted the islands of Grand Bahama and Abaco at the beginning of September, devastating the island of Abaco and causing widespread damage in Grand Bahama, with unprecedented loss of life for The Bahamas. The networks and services provided by electricity and telecommunications providers in those islands were also significantly impacted, and URCA was engaged during the latter part of 2019 with monitoring and assistance with

recovery efforts. Reconstruction and recovery of the impacted islands will continue into 2020 and beyond and URCA will continue to work with its licensees and other stakeholders to facilitate those efforts. URCA will also be reviewing the occurrences as a result of Dorian to determine whether and what regulatory intervention may be appropriate to ensure preparedness for future events.

Representation of the Government of The Bahamas at international organisations continued in 2019 with URCA representing The Bahamas on the Council of the International Telecommunication Union (ITU), and the Executive Council of the Inter-American Telecommunications Commission (CITEL). URCA continues to develop capacity in this area of effort to ensure that the work can be carried out without unduly impacting URCA's ability to execute other parts of its mandate. The Bahamas' increasing role in leadership on telecommunications and ICT matters internationally speaks to the Government's commitment to ICT development in The Bahamas, and The Bahamas' leadership as a center of excellence in ICT regionally and globally.

## **2.2 Performance Against URCA's 2019 Annual Plan**

In the 2019 Annual Plan, URCA prioritised projects into three tiers (Tier I, Tier II and Tier III). The rationale for placement of projects in a specific tier was as follows:

- Tier I projects are of significant importance and urgency to the regulated sectors, in respect of which URCA therefore sought to ensure that it directs all available resources to achieve completion in accordance with scheduled dates during the current year, which may adversely impact completion of lower tiered projects. Generally, for Tier I projects URCA sought to set forth and commit to a specific trimester for completion, within the year.
- Tier II projects are also of significant importance to the organisation or the regulated sectors directly, and URCA endeavoured to complete these projects in the shortest possible timeframe though with lower priority than the Tier I projects. URCA did not commit to completion of Tier II projects during a specific period for one or more of the following reasons:
  - There is heavy dependence on external stakeholder input or approval; and/or
  - the availability of adequate resources to complete the project in a specific timeline is uncertain; and/or



- URCA has limited control over the completion date (for example approval is external to URCA).
- Tier III projects address emerging regulatory or management issues which URCA is desirous of addressing and will complete as soon as resource availability dictates, but which are of lower priority than Tier I or Tier II Projects. URCA did not commit to any specific timeframe for completion of Tier III projects.

### **2.2.1 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 which have "General" applicability to multiple regulated sectors. URCA's organisational initiatives, including its Annual Report and Annual Plan also fall into this "General" Category.

During 2019, URCA worked on the following General projects:

#### **Tier I Projects**

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

On 30 December 2013, URCA published its Consumer Protection Regulations (CPR) which are applicable to the ECS only. In 2018 URCA began a project to review the existing CPR, to incorporate necessary provisions for the ES, and to review the provisions for the ECS where appropriate. The review of the regulations was completed in 2019 and the Consultation Document will be issued in early 2020. URCA will be planning a significant public consultation on this document, which will carry on throughout the first half of 2020.

##### ***Market and Consumer Satisfaction Surveys***

URCA has identified that a significant hindrance to its regulatory effectiveness is a lack of adequate information about stakeholder sentiments and behaviours within the regulated sectors. During 2018 URCA carried out initial work on the commissioning of surveys to assess the markets in both the ES and

ECS. With completion of URCA's OPI Indices in 2019, URCA is now in a position to schedule its surveys for commencement in 2020. The work will therefore be re-classified as a Tier I project in 2020, with completion anticipated in 2021.

### ***URCA Organisational Performance Indices***

One of the key outcomes of URCA's recent Strategic Planning process has been the recognition that URCA needs more relevant and meaningful methods of measuring its performance. To that end, in 2019 URCA developed a series of Key Performance Indicators (KPI) in the form of Indices, which can be used to track URCA's performance, combining considerations such as market growth and performance, strategic focus, fiscal responsibility, consumer satisfaction and licensee performance. URCA completed the development of the OPIs which was approved by the Board in November 2019, and will schedule the phased implementation of the OPIs as a Tier I project commencing in 2020, and completing the full implementation in 2022.

Further details of the OPIs are contained in Section 4 of this Annual Plan.

## **2.2.2 Electronic Communications Sector (ECS) Projects**

In 2019 URCA continued its strategic approach to achieving its ECS policy objectives and regulatory priorities. Tier I and Tier II projects informed URCA's primary areas of concentration in its efforts to provide consistent and sustainable growth in the sector. Having embarked on the tiered, structured approach to project prioritization and execution, URCA ensured that intentional focus and required resources supported the commitment to complete its priority projects in 2019. A brief discussion of URCA's achievements against the 2019 Tier I and Tier II Projects is set out below:

### **Tier I Projects**

#### ***ICTs for Disaster Preparedness and Management***

In 2019 URCA continued work on the Disaster Management Regulations with emphasis on the strengthening and resilience of the telecommunications infrastructure, and efficient recovery methods following the impact of a natural disaster. URCA engaged in widespread consultation on the draft regulations with key Public Sector Disaster Management Agencies, including the National Emergency

Management Agency (NEMA), and the major telecommunications operators, Bahamas Telecommunications Company Limited, Cable Bahamas Limited and BeAliv Limited. Subsequently the document was published for public consultation which ended in August 2019. URCA will also be seeking to consult with the newly formed Ministry of Disaster Preparedness in its review. URCA is conducting a final review of the document ahead of publication during Trimester 1, 2020.

### ***Review of ECS Policy***

Section 6 of the Communications Act, 2009 (Comms Act) requires URCA to draft and the Minister to publish in the Gazette, a revised Sector Policy setting out the strategic aims of the Government for meeting the electronic communications policy objectives outlined in section 4 of the Comms Act. During 2019, the Government appointed a Minister with responsibility for the ECS who engaged in continual discussions with URCA on the policy to ensure it reflects the Government's strategic goals. The document was approved by the Minister in December 2019, and will be published for public consultation in January 2020.

### ***Identification of Spectrum for Digital Switchover***

At the beginning of 2019 URCA intended to publish its Final Decision on the Digital Switchover. The public consultation produced no responses and upon review, URCA engaged in further internal review on the decision having regard to the fact that the consultation document received no comments. URCA ultimately considered it appropriate to proceed with finalising and issuing the decision, which was published on 16 December 2019 as ECS 73/2019.

### ***Review of Wholesale Internet Access***

URCA saw the need to review the competitive dynamics in the relevant wholesale broadband markets in The Bahamas. This was due to those markets not being assessed before and based on feedback that the existing Broadband Resale Obligation was inadequate. URCA commenced its review of the wholesale internet access market in late 2018 with work continuing into 2019. URCA has collected data from licensees pertaining to the market, however, the project has experienced delays due to licensees requesting extensions to submit the information requested by URCA and the need for URCA to seek

further clarification from licensees based on the information received. URCA has now scheduled this work as a Tier I project for completion in Trimester 1, 2020.

### ***Review of Broadcasting Content Code***

The review of the Code of Practice for Content Regulation was identified as a necessary review to address three areas of the code impacted by varying factors, Political Broadcasts, Advertising and Complaints Handling. The 2017 General Elections delayed Poll Closure, the legalization of the Gaming industry and what was identified as an ineffective Complaints Handling process inspired the review. This project was scheduled for completion during Trimester 3, 2019. However, the need to re-establish the Content Regulation Industry Group delayed the execution of the work. The document was published for public consultation on 16 December 2019 as ECS 72/2019. This project has now been scheduled for completion during Trimester 1, 2020.

### ***Market Review of Mobile Services***

In Trimester 2, 2019, URCA began work on its first Market Review of Mobile Services since the liberalization of the sector in 2016. This review is examining the wholesale market for call origination and termination. It is also reviewing whether any of the operators have Significant Market Power. This work stream is scheduled for completion in 2020.

### ***Review of Interconnection Rates***

In 2016 following the liberalization of the mobile telephone services, symmetrical interim termination rates were established. The ultimate intention was to eventually migrate to a more efficient method of determining the rates which would ultimately result in the incremental reduction of rates. In 2019, URCA embarked on a project to address Fixed and Mobile domestic and international termination rates. This three-year project will facilitate an incremental reduction in rates based on benchmarking, ultimately producing a Long Run Incremental Cost (LRIC) model to more efficiently determine termination rates. The Final Determination was published on 24 December 2019 as ECS 74/2019.

## **Tier I Projects**

### ***Framework for Internet Exchange Points in The Bahamas***

URCA expects to publish its Statement of Results and Final Determination on the Framework of Internet Exchange Points (IXPs) early in 2020. This framework will position interested parties to establish an Internet Exchange (IX) with a view to furthering the growth and expansion of the telecommunications sector. IXPs can, amongst other things, facilitate the exchange of local traffic, inspire the creation of a local content industry and assist in attracting international business to the country. It is also considered a support infrastructure for the Government's objective of transforming Grand Bahama into a Technology Hub.

### ***ICTs for Persons with Disabilities***

URCA recognizes that ICTs have the potential to be a significant equalizer as it relates to persons with disabilities, (PWD). Access to and inclusion in, all things digital, can significantly improve the lives of persons with disabilities, allowing them to more fully participate in the social, educational, health and political advancement of their country.

URCA started its work to develop regulations which will ensure PwD's inclusion in and access to ICT. Initial consultations have been held with the National Commission for Persons with Disabilities and representatives of The University of The Bahamas. There will be an intensive consultation with the PwD community and other appropriate stateholders which will inform the project, the drafting of regulations. The progress of this project was impacted in 2019 by other organizational challenges and the passage of Hurricane Dorian, and has now been carried forward into 2020.

### ***Project Review - Market Review Implementation of Price Caps***

In December 2019, URCA reached a decision, following a review of this project which began in 2015, to put on hold the implementation of price caps as set out in its 2014 SMP Determination pending the outcome of URCA's 2020 market reviews for pay TV, fixed voice telephony and high speed data connectivity services. The decision was communicated to the relevant operators. Based on the decision, URCA has set out to commence a new market review of retail fixed voice, broadband and pay TV services in T2 of 2020 with an estimated completion timeframe of 2021.

### ***Framework for Public Service Broadcasting***

This project was scheduled as Tier 2 in 2019 and scheduled to begin during Trimester 3. However, the need for further engagement with the Government on Public Service Broadcasting (PSB) and its impact on the national broadcasting industry led to URCA deferring the project to 2020. The Government subsequently included PSB in the Sector Policy as an imperative. URCA has listed it as a Tier 1 project in 2020.

### ***Market Review – Fixed Services (incl. Pay TV)***

In 2019 this Tier 2 project was impacted by two Tier 1 projects, priority Market Review projects and several other major regulatory matters. While, the need for the review of Fixed Services is important URCA has again listed it as a Tier 2 project in 2020.

### **Other 2019 ECS Projects**

#### ***License Exempt Type Approval***

On 15 November 2019, URCA published its Final Determination on Proposed Revisions to Final Determinations Class Licences, Exemptions, and Types of Fees (ECS 24/2009) and Guidelines for the Type Approval Certificate of Licence-Exempt Radio Spectrum Devices (ECS 02/2013). This document, listed as ECS 69/2019, relates to the Type Approval of Low Power devices. It has revised Annex G of ECS 24/2009 and the Guidelines for the Type Approval of Licence-Exempt Radio Spectrum Devices (ECS 02/2013). These changes now make it possible for URCA to grant a type approval certificate for new categories of low power electronic communications devices that satisfy the requirements for exemption set out in section 17(3) of the Comms Act. It also enables members of the Bahamian public to access and use many additional everyday consumer electronic devices without the need to obtain a Licence from URCA.

### **2.2.3 Electricity Sector (ES) Projects**

As noted above, the 2019 calendar year has been one of many challenges within the ES and by extension for URCA's regulation of that sector of the economy. URCA faced various challenges during 2019 from its two primary licensees, BPL and Grand Bahama Power Company (GBPC). During the second trimester BPL suffered significant generation shortfalls in New Providence; further challenges were caused due to the decimation by Hurrican Dorian of the electricity supply systems in Grand Bahama and Abaco, the second and third largest economic areas behind New Providence; GBPC's challenges to URCA's regulatory

jurisdiction in Freeport continued in the Courts; and BPL's non-compliance with URCA's regulatory requirements resulted in URCA issuing a Final Determination and Order penalising BPL for failing to provide information in response to URCA's enquiries.

In light of those issues, some of which were before the courts, at the onset of the year it was envisioned that URCA would concentrate its ES activities on the advancement of consumer based initiatives such as the advancement of Renewable Energy and Energy Conservation, while implementing regulatory initiatives such as efficiency studies and consumer protection. However, it became evident that more significant intervention was urgently needed to address the safety, reliability, and quality of supply concerns being experienced throughout the country. URCA's resources were directed to these initiatives through investigations and regulatory intervention and the consumer based focus as envisioned was not achieved.

## **Tier I Projects**

### ***Small Scales Renewable Generation (SSRG) Advancement***

Promotion of the Small Scales Renewable Generation (SSRG) programme was a key initiative of URCA during 2019. During the 2019 calendar year the registered capacity has grown from 1.97MW to 3.61MW. URCA has worked to promote the SSRG programme through its pop-up offices, talk show appearances, and social media posts during 2019, however, due to other competing matters including a tumultuous year of power quality and reliability issues, exacerbated by Hurricane Dorian's damage to power networks on Grand Bahama and Abaco, URCA has not been successful in conducting the extensive education and advancement programme that was planned. URCA has rescheduled this initiative as a key Tier 1 priority for 2020.

### ***Promotion of Energy Efficiency and Conservation***

URCA had planned that in 2019 it would conduct a widespread programme to promote energy efficiency programs by Public Electricity Supplier Licensees and consumers throughout the country. While URCA made a concerted effort to engage the public in this regard in the islands of New Providence, Grand Bahama, Abaco, and Eleuthera via town hall meetings and an active social media campaign, as with the

advancement of the SSRG programme, URCA was unable to conduct the widespread campaign that was anticipated due to competing matters.

URCA has also rescheduled this initiative as a Tier 1 project for 2020.

### ***Framework for the Procurement of Power Generation Resources***

As per the Electricity Act (EA) s.38(1)(c), the intention is to establish rules and approve competitive processes for procurement of power generation resources conducted by Public Electricity Suppliers, and ensure such rules are fair, consistent and compatible with the objectives and principles of the EA, electricity sector and national energy policies.

A Request for Proposals was executed for the development of this framework and consultants have been engaged by URCA. The contract was finalised in T3, 2019, and the project is now anticipated to be completed in T1, 2020.

### ***Establish Alternative Dispute Resolution Scheme(s) for the Electricity Sector***

During 2019 URCA commenced work to establish one or more Alternative Dispute Resolution (ADR) schemes for disputes between licensees and consumers and between licensees and independent power producers or approve a scheme or schemes proposed by licensees.

A consultation document was published in T2, 2019; however, based on the feedback to that document, a decision was made to redevelop/reconstruct the consultation document and restart the process in T3, 2019. It is anticipated that the ADR Schemes for the ES would be in effect by the close of T1, 2020



## ***Review of BPL Fuel Charge***

URCA committed as a 2019 Tier 1 project to review BPL's Fuel Charge to:

- ensure that the fuel charge accurately reflects the actual cost of fuel used by BPL in providing electricity to its customers; and
- ensure that the fuel charge only reflects the fair and efficient costs of fuel used, and does not pass on costs resulting from failures by BPL to properly manage its electricity system.

Over the course of 2019 URCA has reviewed the gazetted rules pertaining to the calculation and application of the Fuel Charge, and tracked the posted Fuel Charge for the period noting trends which are of concern to URCA particularly in relation to costs experienced during BPL's period of supply challenges in New Providence during 2019. URCA was unable to initiate a regulatory intervention in this regard due to lack of available resources during 2019.

In reviewing the need to address any possible harm and/or mischief that may have been caused to consumers through the fuel charge during the period, URCA is currently seeking to address BPL's power quality deficiencies during 2019 through a comprehensive investigation. URCA considers that any fuel charge impact that may have been experienced during 2019 can be addressed in the context of that investigation.

Moving forward, and noting that the fuel charge mechanism can result in inefficiencies causing significant cost to consumers, URCA considers it necessary to ensure that there is clear regulatory oversight of the fuel charge approach wherever it is employed in The Bahamas. URCA therefore proposes during 2020 to develop a comprehensive methodology for the derivation and application of Fuel Charges within the sector. This Fuel Cost Recovery Regulation project is being proposed as a Tier 1 project for 2020.

## **Tier II Projects**

### ***ES Licensee Data Reporting and Performance Monitoring***

The development of Reporting Obligations Procedures and Guidelines was identified in URCA's Annual Plan for 2019 as a Tier II project; however, in light of the frequency of recent major outages, load shedding, and other supply and quality of electricity challenges experienced throughout the country, it was considered timely to commence the data collection, and analysis process deemed necessary to facilitate

the remediation of these issues. URCA commenced the development of the consultation document in T3, 2019, and expects to complete the process and implement the procedures and guidelines during T2, 2020.

### **Framework for Public Electricity Supplier (PES) Inspection**

The Electricity Acts stipulates that URCA shall conduct inspections as required to ensure that public electricity suppliers are complying with the terms and conditions of their licences. In this regard, URCA proposes to develop the framework for such inspections so as to ensure a fair, transparent, and certain process that is consistent with the sector's best practices. It is noted that the framework would address inspections in all aspects of a PES' business, such as administration, finance, technical, and customer services. It is envisioned that the framework for PES inspections would complement the **ES Licensee Data Reporting and Performance Monitoring** project, which is has been elevated to a proposed Tier 1 project for 2020.

### **Other 2019 ES Projects**

#### ***Renewable Energy Self Generation (RESG) Guidelines***

In 2019, based on the critical importance of renewable energy integration and the identified demand for larger renewable energy installations than those accommodated by the SSRG programme, URCA sought to introduce opportunities for increased participation in renewable energy generation in The Bahamas. On 27 September 2019 URCA issued its consultation on its Renewable Energy Self Generation program, which in accordance with the requirement of section 28 of the Electricity Act, provides for the Government and small commercial or business enterprises to self-generate using renewable energy technologies. The generation capacity range afforded to RESG participants spans for 100kW to 1MW.

URCA expects to complete this regulatory initiative in T1, 2020.

## **2.3 International Participation and Engagement**

URCA began in 2019 to leverage its 2018 efforts to campaign for The Bahamas' election to the Council of the ITU and the Executive Committee of CITEL. In 2019 URCA recruited an International Relations Officer to work with the Chief Executive Officer in relation to URCA's representation of The Bahamas at international organisations.

This work was fruitful in 2019 with The Bahamas contributing at the ITU on the issues of expansion of availability of ITU Fellowships to SIDs, the use of ICTs for Disaster Management, and Gender mainstreaming issues within the Telecommunications Development Bureau. The Bahamas further enhanced its work on the issue of Fellowships with a paper presented to CITEL's Executive Committee (COM/CITEL).

URCA also assisted the Government with briefing notes on ICT issues for use in The Bahamas' work within the CARICOM and the UN system, and ensuring that matters occurring at the ITU (study questions, forums, capacity building opportunities etc.) are brought to the attention of the relevant Government department and other stakeholders to ensure that The Bahamas is in a position to take advantage of its participation in international developments in ICTs.

As noted previously, The Bahamas' increasing role in leadership on telecommunications and ICT matters internationally speaks to the Government's commitment to ICT development in The Bahamas, and The Bahamas' leadership as a center of excellence in ICT regionally and globally.

## **2.4 Building Regulatory Capacity and Human Capital**

URCA's mission statement "*improving lives through effective utilities regulation*" is a driver of the organisation's commitment to the development of its people and investing in building its regulatory capacity. 2019 continued on this path, with a strategic focus in the area of employee engagement, learning and development, and promoting energy efficiency. The need to attract and retain skilled people is essential to achieving URCA's mandate, therefore in 2019 URCA strengthened its workforce with the addition of new staff members across the organisation.

This year URCA celebrated its ten year anniversary and both organizationalorganisational culture and employee engagement were a major focus. Recognizing their impact on organisational performance, URCA initiated a review of its organisational culture at the beginning of 2019. The result was a commitment to a culture renewal exercise that started with the creation of URCA's Culture Deck, which provides employees with clarity as to what is important for success as an organisation. The process involved a collaborative effort by both staff and management in defining and shaping URCA's ideal culture.

In order to achieve a high level of organisational performance, Learning and Development is critical. This year work continued on the creation of a Learning and Development strategy and curriculum. This new strategy will allow for a more strategic and cost effective approach towards employee development while leveraging the knowledge and expertise already found within the organisation. The new curriculum has been designed to include a combination of in-house courses created and delivered by URCA's own subject matter experts and international training opportunities. This approach will decrease the need for costly international training for staff, while ensuring that URCA's institutional capacity is developed and maintained.

In 2019 URCA identified various green initiatives to demonstrate the organisation's commitment to the promotion of energy efficiency and conservation. The year started with the installation of energy efficient lights and motion sensor light switches throughout URCA's office, which will help reduce the amount of energy used on a daily basis. URCA also worked to secure a vendor to construct a Solar Canopy over the parking lot at its Fredrick Street location. The Solar Canopy will allow URCA to further increase its energy efficiency while promoting the use of renewable energy sources.

## **2.5 Educating and Supporting our Stakeholders**

URCA began 2019 with an ambitious consumer education programme. This included, in addition to routine activities, an expanded consultation period on URCA's annual plan; a special high level regulatory forum and a two day ICT and IXP workshop.

### **Consultation on URCA's Annual Plan**

It is customary to consult with one of our key stakeholders, the licensees, when preparing the annual plan. This year a decision was made to engage other stakeholders in the process as we educated more members of the public about URCA's work. Special town hall meetings were held in Eleuthera, New Providence and Abaco in February and March.

### **Regulatory Forum for Senior Policy Makers**

In February URCA invited the Public Utility Research Centre, of the University of Florida (PURC) to facilitate a two day regulatory forum for Senior Policy Makers. Invitations were distributed to parliamentarians, permanent secretaries and other senior public officers to participate in the forum which was designed to

broaden the understanding of URCA's role as regulator and how regulations help to advance public policy. The two day workshop was highly regarded by those who attended. A second forum, targeted at technical officers, media and representatives from civil society, will be held in 2020.

### **ICT and Internet Exchange Points (IXPs) Workshop**

In collaboration with the Internet Corporation for Assigned Names and Numbers (ICANN), the Internet Society (ISOC) and the American Registry for Internet Numbers (ARIN) URCA hosted an ICT and Internet exchange Points, ISPs workshop under the theme "*Strengthening the Local Internet – Security, Resilience, Convergence*". The workshop highlighted practical approaches to encourage and support the development of more Internet-enabled local applications and services.

Participants from the private sector, academia and government discussed critical questions around the steps necessary to develop a robust, resilient and vibrant local Internet economy with a focus on issues such as cybersecurity, critical internet infrastructure, IXPs, number portability and Over the Top (OTT) services.

### **Pop-Up Office and Focus Groups**

URCA introduced its first series of Pop-Up offices this year, beginning in Eleuthera in February, followed by two 2 day Pop-Up Office in Freeport, in May and in December. The December Pop-Ups were paired with several informal focus groups which presented an opportunity for URCA's executive team members to engage one on one with residents representing different demographic groups. URCA was able to share valuable information about its regulatory process, complaint filing and answer questions.

### **Other Activities**

URCA continues to lead in the observation of the International Girls in ICT Day, an ITU initiative. This year's event returned to New Providence and saw participation by students from throughout New Providence and two from San Salvador. In furtherance of the goal to educate high school females about URCA's work and opportunities in ICT, the young women's experience was enhanced with lots of hands on activities including introduction to robotics and a session on coding. This event continues to grow in popularity with students and service providers and remains a staple on URCA's calendar.

URCA added to this year's Oral Hearing with the production of a video highlighting URCA's accomplishments for 2018 and forecasting 2019 projects. This format was a welcome change for participants and will be incorporated into URCA's work more frequently going forward.

## 2.6 Legal Matters

URCA's Legal Department advises on matters of legal importance arising and assists with URCA's compliance in discharge of statutory obligations and regulatory functions relative to the ECS and the ES. The Legal Department oversees litigation involving URCA, including engaging and managing external counsel as needed. The Legal Department also lends salient support in building and fostering an effective and efficient regulatory business environment, perhaps most notably by maintaining URCA's contract register and managing URCA's Risk Management program.

### Oversight of Litigation

The Legal Department had carriage of 2 significant Supreme Court litigation matters in 2019, as follows:

- *Cable Bahamas Ltd.(CBL) and others v URCA; and*
- *Grand Bahama Power Company Ltd. (GBPC) v URCA;*

Both matters commenced in 2016 and relate to the jurisdiction of URCA to regulate persons in the Freeport area in Grand Bahama. It is critical to URCA that these matters be resolved as soon as possible. In both cases URCA's jurisdiction to regulate inside the Freeport area is being challenged, despite URCA's statutory and regulatory mandate under the Communications Act and the Electricity Act. URCA considers that both enactments unambiguously require URCA to regulate the relevant sectors throughout The Bahamas, inclusive of Grand Bahama, to further the interests of all persons in The Bahamas. It is URCA's intention to achieve its mission of "*Improving lives through effective utilities regulation*" throughout every island of The Bahamas, inclusive of Grand Bahama.

The *GBPC v. URCA* matter is set down for trial to be heard in March 2020, and it is expected that the *CBL and others v. URCA* matter will also be progressed significantly during 2020.

## Legislative and Regulatory Reform

During 2020, URCA has been required to review and engage with Government and BPL regarding the Rate Reduction Bond Bill, which was passed during December 2019, and which will result in URCA being called upon to oversee the introduction of the Rate Reduction Bond during 2020. URCA has also engaged with Government regarding proposals for the creation of a regulator for fair trading in The Bahamas.

## Risk Management

A key initiative of URCA during 2018 was the review and improvement of URCA's approach to Risk Management, and proper oversight of risk by the office of URCA's General Counsel. The revised Risk Management Program was finalised and approved in 2018, and the full implementation of the program was achieved in 2019, with the General Counsel being responsible for management and monitoring of the program. A separate report of the Risk Management Program results for 2019 will be included in the 2019 Annual Report.

## 2.7 Summary of 2019 Outcomes

URCA's performance in respect of the Tier I and Tier II projects in the 2019 Annual Plan is set out in Table 1 and Table 2 below.

**Table 1 - Performance, 2019 Tier I Projects**

Project	Start Period	End Period (2019 Annual Plan)	Status as at 20 December 2019
<b>General Projects</b>			
Review of Consumer Protection Regulations	T2, 2018	T3, 2019	Consultation published 23 December 2019. Carryover to T2, 2020

Project	Start Period	End Period (2019 Annual Plan)	Status as at 20 December 2019
URCA Organisational Performance Indexes	T2, 2018	T3, 2019	Completed. 5 November 2019
Draft Annual Plan 2020	T3, 2019	T3, 2019	Completed. 20 December 2019
<b>Electronic Communications Sector Projects</b>			
ICTs for Disaster Preparedness and Management	T1, 2017	T2, 2019	Carryover to T1, 2020.
Review of ECS Policy	T1, 2017	T2, 2019	Completed on 10 October 2019.
Identification of Spectrum for Digital Switchover	T1, 2017	T2, 2019	Completed on 15 December 2019.
Review of Wholesale Internet Access	T1, 2018	T2, 2019	Carryover to T1, 2020.
Review of Broadcasting Content Code	T2, 2018	T3, 2019	Carryover to T1, 2020.
Market Review – Mobile Services	T1, 2019	T3, 2019	Carryover to T2, 2020
Review of Interconnection Rates	T1, 2019	T3, 2019	Interim Rates Implemented 23 December 2019.  Cost Model Scheduled as Tier I



Project	Start Period	End Period (2019 Annual Plan)	Status as at 20 December 2019
			project for 2020/2021.
<b>Electricity Sector Projects</b>			
SSRG Advancement Program	T1, 2018	Ongoing	Ongoing.
Promotion of Energy Efficiency and Conservation	T2, 2019	Ongoing	Ongoing.
Framework for the Procurement of Power Generation Resources	T1, 2019	T3, 2019	Carryover to T2, 2020.
Establishment of ADR Scheme(s) for the ES	T1, 2019	T2, 2019	Carryover to T1, 2020.
Review of BPL Fuel Charge	T2, 2019	T3, 2019	Delayed to 2020.

**Table 2 - Performance, 2019 Tier II Projects**

Project	Start Period	End Period	Status as at 20 December 2019
<b>General Projects</b>			
Market Surveys	T3, 2018	T3, 2019	Scheduled for 2020 as Tier I.
<b>Electronic Communications Sector Projects</b>			
Framework for Internet Exchange Points (IXP) for The Bahamas	T1, 2018	T3, 2019	Completed.

Project	Start Period	End Period	Status as at 20 December 2019
			23 December 2019.
ICTs for Persons with Disabilities	T2, 2018	T3, 2019	Scheduled for 2020 as Tier I.
Review of Project – Market Reviews Implementation of Price Caps	T1, 2019	T3, 2019	Rescheduled to 2021.
Framework for Public Service Broadcasting	T1, 2019	2020	Scheduled for 2020 as Tier I.
Market Review – Fixed Services (Incl. Pay TV)	T3, 2019	2020	No change.
<b>Electricity Sector Proposals</b>			
ES Licensee Data Reporting and Performance Monitoring	T2, 2019	T3, 2019	Scheduled for 2020 as Tier I.
Framework for Public Electricity Supplier Inspection	T2, 2019	T3, 2019	Scheduled for 2020 as Tier II.

### **3. URCA's Plan for 2020**

#### **3.1 Strategic Outlook**

URCA commemorated its 10<sup>th</sup> Anniversary in 2019, and at the end of 2019 URCA carefully reviewed its current positioning in the markets we regulate, noting the different stages of URCA's regulatory maturity in each of those sectors. Additionally, projects undertaken from an organisational perspective during 2019 included URCA's OPI development, Culture Renewal process, and initial development of our Learning and Development curriculum. URCA is also cognisant of possible increases in regulatory mandate over the next few years, which will require us to expand and adapt again.

Strategically therefore, URCA's team recognises that in order to continue to be able to meet the coming challenges, URCA must be an agile organisation which is able to adapt and grow, leveraging expertise across different regulatory areas, and increasing capacity at short notice.

During 2020 URCA's focus in each area of operation will be as follows:

- The ES continues to operate without adequate regulatory oversight due to a need for URCA to more rapidly increase its capacity, to proactively address anticipated issues, to more effectively gather and analyse relevant information from all stakeholders, and to react quickly to failures detected within the sector. URCA will strengthen its monitoring and enforcement capacity within the ES team during 2020 by reallocating internal resources, targeted recruitment and use of external consultancies, to ensure that the Utilities and Energy Department is fully equipped to meet the needs of the sector. Areas noted for particular attention by URCA include:
  - Ensuring the provision of safe reliable least cost power by Public Electricity Suppliers across all of The Bahamas;
  - Aggressive expansion of renewable energy integration into the generation mix in The Bahamas; and,
  - Provision of an effective consumer protection ecosystem in The Bahamas which will give consumers the confidence that their interests are being protected.
- The ECS has experienced a decade of URCA's regulatory oversight and competition has been introduced into all parts of the market with high effectiveness in some markets but less impact

in others. URCA will during 2020 seek to collect the necessary information, through surveys, review of information submitted periodically by licensees, and enhanced monitoring, to determine the current extent to which the ECS is delivering on the objectives of the Communications Act, and to identify the areas where further regulatory intervention is needed to enhance URCA's effectiveness.

- URCA's consumer education and complaints handling processes provide the critical interfaces between the public and URCA which enable URCA to identify failures in its regulated sectors, address those failures, and use those failures to identify areas where better regulatory intervention is needed. URCA must and will in 2020 drastically enhance its public education and awareness program to ensure that all stakeholders in The Bahamas are aware of the work URCA has done and the ways in which stakeholders can take advantage of URCA's work. URCA is confident that this will drive more interactions with URCA's complaint handling processes as well as those of URCA's licensees, enabling and incentivising licensees and URCA to provide better services to the public. This will be underpinned by surveys which will help provide additional information regarding consumer needs.
- In 2020 URCA will also seek to engage in a marketing program which is intended to ensure that URCA's brand is strong across The Bahamas, in conjunction with investments in an URCA App, and renewed focus on social media and other digital channels.
- Organisationally, URCA will begin the implementation of its OPIs which will provide a robust framework for enhanced focus on URCA's performance within the organisation, and for the measurement of achievements. In 2020 the organisation will implement the Regulatory features of the OPI, ensuring a more accountable framework within which regulatory projects are identified, designed, developed and implemented. This will ensure that projects conducted by URCA deliver optimal results moving forward. Alongside the regulatory OPI framework URCA will also migrate its organisational KPIs into the OPI framework starting with the 2020 KPIs.
- Also within the organisational sphere is the continuation of initiatives designed to ensure that URCA, as a people centred organisation, optimises the effectiveness and engagement of its staff. To that end, we will continue the Culture Renewal process commenced in 2019, and begin implementation of our new Learning and Development curriculum.

## **3.2 Key Projects for 2020**

This section identifies the Tier I, Tier II and Tier III projects URCA proposes to work on during 2020 and 2021 and includes projects brought over from 2019.

### **3.2.1 2019 Projects Carried Over**

The following Tier I projects, scheduled for completion in 2019, have been delayed beyond the anticipated completion date, or were scheduled as multi-year projects, and will be carried over from 2019 into the 2020 Annual Plan:

- Review of Consumer Protection Regulations
- ICTs for Disaster Preparedness and Management
- Review of Wholesale Internet Access
- Review of Broadcasting Content Code
- Market Review - Mobile Services
- Framework for the Procurement of Power Generation Resources
- Renewable Energy Self Generation Guidelines
- Establishment of ADR Schemes for the ES
- Review of BPL Fuel Charge 2018

The following further Tier I projects were scheduled as multi-year projects, and will also be carried over from 2019 into the 2020 Annual Plan:

- SSRG Advancement Program
- Promotion of Energy Efficiency and Conservation

### **3.2.2 Tier I Projects**

During 2020, URCA expects to work on and complete the projects listed in Table 3:

Table 3 – 2020 Tier I Projects

Project	Start Period	End Period
<b>General Projects</b>		
Review of Consumer Protection Regulations	T1, 2019	T3, 2020
Implementation of OPI – Phase 1	T3, 2019	T3, 2020
Draft Annual Plan 2021	T3, 2020	T3, 2020
<b>Electronic Communications Sector Projects</b>		
USF Review – Project 1	T1, 2020	T3, 2020
USF Review – Project 2	T2, 2020	2021
ECS Market Surveys – Pay TV and FM Broadcasting	T1, 2020	T2, 2020
Framework for Public Service Broadcasting	T1, 2020	T3, 2020
ECS Market Surveys – Consumer Assessment	T1, 2020	T3, 2020
<b>Electricity Sector Projects</b>		
Establishment of ADR Schemes for the ES	T2, 2019	T1, 2020
Framework for the Procurement of Power Generation Resources	T2, 2019	T2, 2020
Fuel Charge Cost Recovery Regulation	T2, 2020	T3, 2020
Renewable Energy Self Generation Guidelines	T3, 2019	T1, 2020
Licensee Data Reporting and Performance Monitoring	T3, 2019	T1, 2020

Description for the Tier I projects that URCA will commence in 2020 are set out below. Where a project was commenced in 2019 or earlier, the descriptions are available in the 2019 Annual Plan.

## **General Projects**

### ***Draft Annual Plan 2021***

During October through November 2020, URCA will commence work on its draft Annual Plan for 2021, to ensure publication for consultation before the end of 2020 as required by the URCA Act.

## **Electronic Communications Sector Projects**

### **Review of Universal Service Framework**

This review is to give effect to the revised Universal Service Obligations (USOs) as per the sector policy. The revisions to USO include broadband Internet access to all locations and specified institutions that serve members of the public, and public access pay terminals at easily accessible locations. URCA will also seek to vigorously enforce those USOs that are not subject to revisions – multi-channel television services, public pay phones, and voice telephony access. URCA proposes to commence this review in 2020 and to complete the entire exercise over a three-year period. Based on this approach, URCA will divide the review into phases, which will be completed as separate projects in URCA's forthcoming Annual Plans. Two of those projects are scheduled to be started as Tier II projects in 2020.

### **Framework for Public Service Broadcasting**

Countries such as the United Kingdom and Canada have enjoyed the benefits of Public Service Broadcasting (PSB) for many years through the BBC and CBC, respectively. On 7 July 2011, URCA published its Statements of Results in relation to PSB in The Bahamas and published a report with recommendations to the Minister responsible for Broadcasting about:

- the role of Public Service Broadcasting (PSB);
- the remit and corporate governance rules of the Broadcasting Corporation of The Bahamas;
- the preferred method of funding any PSB obligations that are recommended; and
- necessary amendments to the Broadcasting Act.

URCA proposes to engage with the Government and consult with other key stakeholders in relation to the implementation of a Public Service Broadcasting (PSB) framework for The Bahamas. This work will be furthered in 2020 as a Tier I project, with completion anticipated in T3 2020.

### **ECS Comprehensive Market Survey**

In 2009, URCA was established as the regulator of the Electronic Communications Sector in The Bahamas. The sector which comprises telecommunications and broadcasting has expanded during the last 10 years to facilitate a more liberalised competitive environment with a view to stimulating economic expansion. The objective was to increase and diversify product offerings to consumers, while introducing new quality of service standards. After a decade of establishing and implementing measures to effectively regulate the sector intended to improve access to services and the quality of life, URCA will embark on a comprehensive sector wide survey to gauge the impact of its regulatory work.

### **Electricity Sector Projects**

#### **Fuel Charge Cost Recovery Regulations**

As noted above, URCA considers it necessary to ensure that there is clear regulatory oversight of the fuel charge approach wherever it is employed in The Bahamas. URCA therefore proposes during 2020 to develop a comprehensive methodology for the derivation and application of Fuel Charges within the sector. This Fuel Cost Recovery Regulation project is being proposed as a Tier 1 project for 2020.

#### **Carryover Projects**

The following projects which were Tier II projects for 2019 have been reprioritized and added to URCA's ES Tier 1 deliverables for 2020:

- Renewable Energy Self Generation Guidelines: Guidelines to facilitate the Government and small commercial or business enterprises to self-generate using renewable energy technologies.
- ES Licensee Data Reporting and Performance Monitoring: Framework to facilitate the collection of pertinent financial, technical and other data germane to monitoring the performance of public electricity suppliers.



### 3.2.3 Tier II Projects

The projects set out in this section are those which URCA intends to work on during 2020. URCA considers these projects to be of significant importance to the organisation or the regulated sectors directly. Hence, URCA will endeavour to complete these projects in the shortest possible timeframe.

**Table 4 – 2020 Tier II Projects**

Project	Start Period	End Period
<b>General Projects</b>		
Market Surveys	T1, 2020	2021
<b>Electronic Communications Sector Projects</b>		
Review of Spectrum Management	T1, 2020	2021
Mobile Market Assessment – The Feasibility of a 3 <sup>rd</sup> Operator	T1, 2020	T1, 2021
Review of Monitoring and Compliance	T1, 2020	T3, 2020
Market Review – Fixed Services	T2, 2020	2021
<b>Electricity Sector Projects</b>		
SSRG Advancement Program	T1, 2019	Ongoing
Promotion of Energy Efficiency and Conservation	T1, 2019	Ongoing
Framework for Public Electricity Supplier Inspections	T2, 2020	2021
Efficiency Audit (BPL) & Tool Development	T2, 2020	2021
Tariff Studies & Setting Procedures	T2, 2020	2021

## **General Projects**

### ***Market and Consumer Protection Surveys***

URCA has identified that a significant hindrance to its regulatory effectiveness is a lack of adequate information about stakeholder sentiments and behaviours within the regulated sectors. URCA intends to address this issue by commissioning one or more surveys to assess the markets in both the ES and ECS (including the broadcasting sector). URCA is confident that this will significantly enhance URCA's ability to regulate these sectors in the interests of the public more effectively. It should be noted that the survey results will also be used as an input to URCA's Performance Indices.

## **Electronic Communications Sector Projects**

### **Review of Spectrum Management**

Spectrum Management is a primary obligation of an electronic communications regulator. The Planning, Allocation/Assignment, Monitoring and Inspection functions are extremely important to the overall objective of optimizing the use of Radio Frequency (RF) spectrum. URCA will conduct a comprehensive review of its spectrum management functions, to determine the appropriate measures and resources required to facilitate consistent and sustainable execution.

### **Monitoring and Compliance Review**

URCA licensees are obligated to comply with license conditions, statutory and regulatory obligations. Monitoring licensees to ensure compliance is achieved, for the most part, through ex-ante and ex-post regulatory approaches. URCA conduct a comprehensive review of both the monitoring and compliance processes, to determine and where necessary identify measures to strengthen these regulatory functions.

### **Market Review Fixed Services**

It has been five years since the last market review of Fixed Services (incl. Pay TV). URCA will conduct a review of the retail markets for fixed voice telephony and Pay TV services to determine whether operators possess significant market power and if so, which appropriate remedies should be applied.

## **Mobile Market Assessment – The feasibility of a 3rd Operator**

As set out in the draft 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.

## **Electricity Sector Projects**

### **Tariff Studies & Setting Procedures**

URCA proposes to conduct a Tariff Study and to develop Tariff Setting Procedures to address its immediate obligation as it pertains to the sector’s licensees including BPL, which was granted a rate holiday upon the enactment and subsequent amendment of the EA that is set to expire in 2022. Section 38(a) of the Electricity Act, 2015 stipulates that URCA’s functions and powers include an obligation to-

“review and determine that the rates and scale of charges comprising the tariff rate for electricity supply services proposed by a public electricity supplier are reasonable, reflect efficiently incurred costs and are not inconsistent with, or in contravention of, this Act or any other law and allow an opportunity for public input.”

### **3.2.4 Tier III Projects**

#### ***URCA Green Project***

IN 2018 URCA launched an organisation wide Green Initiative with the overarching goal of reducing the organisation’s impact on the environment, demonstrating first-hand its commitment to the goals of the EA, ES Policy and the NEP, sustainability principles and practices via the development of in-house energy efficiency, recycling, and water management programs. Building on the initiatives completed in 2019, proposed 2020 activities will include:

- *URCA Solar Generation Initiative* – URCA’s solar generation facilities will be installed in a solar canopy in URCA’s car park. This project was commenced in 2019 and URCA expects to complete the installation of approximately 52 kW by T2, 2020.

- In 2020, following implementation of the solar canopy in URCA's car park (which will feature vehicle charging stations) URCA will begin the phased replacement of its vehicles with electric vehicles. The full replacement is expected to take place over a period of three to four years based on the lifecycle of URCA's existing fleet.

### ***URCA Grand Bahama and Family Island Offices***

URCA hosted a number of Pop-up offices throughout The Bahamas in 2019. Each time it was clear that URCA should have a greater presence and be more accessible across the entire country. In 2020, URCA will ramp-up its efforts with a full schedule of pop-ups in Grand Bahama and other Family Islands. Grand Bahama has the second largest population with in The Bahamas and therefore a long term approach to URCA's presence is needed. Initially, URCA will host a two day pop-up office on a monthly basis in Grand Bahama with the long term view to establish a more permanent presence on the Island. URCA will also plan to host one pop-up each quarter on other select Family Islands.

### **3.2.5 Public Awareness Activities**

As noted elsewhere in this document, URCA's mandate to regulate both sectors is via the Comms Act 2009 and the EA 2015. Both pieces of legislation directs URCA to protect and educate consumers and the public in general. As URCA enters its second decade, it does so with a renewed and laser-like-focus on educating and informing the public about its work, and demonstrates through its work, URCA's commitment to its mission, *"Improving lives through effective utilities regulation"*. URCA, recognizing that The Bahamas is more than just New Providence, is committing a representative portion of its resources to reach consumers throughout the length and breadth of the archipelago. The objective is to ensure that they are better educated about what URCA does; why URCA does what it does and how what URCA does impacts and can improve the quality of their lives through effective regulation.

As a result of the OPI project, URCA will implement a more strategic approach to educational activities, aligning such initiatives with the development and implementation of regulatory measures in both sectors. Simultaneously we will provide opportunities for increased feedback and contribution which would assist in the overall development of policy and regulatory measures. URCA firmly believes that its work cannot and is not done in a vacuum, that regulations are the organic out shoot/outgrow/result of

an engaged community providing constructive criticism/feedback with the desired result of improving the quality of service provided by licensees in the regulated sectors.

Reaching and listening to more consumers throughout The Bahamas, will result in a more enlightened public, one that understands their rights and obligations vis a vis the service providers in the regulated sectors. This in turn should lead to an appreciable increase in the number of contacts with URCA and ultimately the number of bona fide complaints made to URCA. Complaints not only provide an opportunity for URCA to bring relief to consumers who complain, but it also provides opportunities to work with service providers to improve the overall quality of service provided as complaints can point to gaps in regulation causing a review/revise/enhance regulation.

URCA will continue its face to face series such as URCA Unplugged and URCA Connects. To augment these activities, will be the production of attractive print collaterals and several short videos which will serve as companion to the more technical regulatory documents and will be circulated via URCA's social media platforms and other avenues conducive to digital content.

URCA recognizes that its outreach activities can play a critical role in furthering the promotion of the public's interest and protecting those who use the services in the regulated sectors. Therefore, URCA will continue its observation of the ITU's initiative 'International Girls in ICT Day' and will also add additional sector related international observations while seeking innovative and creative ways to engage members of the community in its public awareness campaigns.

### **3.2.6 Building Capacity**

Over the next few years and beyond, URCA will need to ensure that its presence is felt throughout the entire Bahamas and not just limited to New Providence. URCA will move forward with its plan to have a greater presence in the Northern Bahamas, specifically in Grand Bahama which has the second largest population in The Bahamas. The rest of the Family Islands will see an increase in pop-up offices throughout the year.

2020 will also focus on reviewing the organisation's current physical footprint in Nassau, and organisational structure, to ensure that URCA is prepared for growth and expansion in the future. With this in mind, URCA will require additional human resources. In 2020 the organisation plans to increase its

staff count by approximately ten employees. These positions are for the Electronic Communications, Utilities and Energy, Corporate and Consumer Relations and Finance departments.

URCA will continue building upon the strategic initiatives from 2019, specifically the full implementation of URCA's Learning and Development strategy which includes an URCA specific curriculum designed to ensure learning is strategically targeted to specific audiences within the organisation. Another key benefit from this approach is that it will leverage URCA's investment in learning over the past ten years, through the knowledge and expertise found within our staff while reducing URCA's dependence on international training, which has a significant financial impact.

URCA's efforts towards implementing and maintaining a comprehensive Records Management system was a focus in 2019 and will continue into 2020. By the end of next year, URCA's Records Management policy will be fully implemented, which will include improvements to the organisation's electronic and paper filing processes to ensure that records are maintained in the most secure and efficient manner.

URCA's Culture Renewal initiative will also be carried into 2020, with a campaign to implement URCA's Culture Deck.

### **3.2.7 Other On-going Activities**

In addition to the projects and initiatives that URCA has outlined above, there are additional activities which URCA is obliged to undertake in the fulfilment of its responsibilities under the Utilities Regulation and Competition (URCA) Act, the Comms Act and the Electricity Act. These activities are particularly related to administrative functions and the handling of ad hoc regulatory matters. These include, but are not limited to the following:

- Statutory duties such as satisfying URCA's accountability to its stakeholders by publishing its work plans and annual reports within the statutory periods;
- Monitoring compliance by licensees with licence conditions and regulatory measures and taking enforcement action where appropriate;
- Investigations and enforcement in respect of complaints of anti-competitive behaviour;
- Spectrum monitoring activities;
- Reviewing and investigating complaints under the Content Code; and,

- Handling consumer complaints regarding regulated services as they arise.

These activities have been considered as far as practicable in estimating the above timeframes. However, the nature of URCA’s duties is such that unforeseen work may impact on URCA’s ability to complete or even commence the projects. Consequently work objectives are kept under review to anticipate impact, and to address any need to reschedule projects to accommodate unforeseen work.

### 3.2.8 2020 Consultation Timelines

While URCA will carry out several activities during 2020 as noted in the previous section, not all of these will involve public engagement and consultation throughout the process. Table 5 below outlines the major public consultations proposed for 2020, including anticipated publication dates.

**Table 5 - 2020 Consultation Schedule**

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
<b>Framework for Public Service Broadcasting</b>	T3, 2020	T3, 2020
<b>Review of Wholesale Internet Access</b>	T2, 2020	T2, 2020
<b>Market Review - Mobile Services</b>	T3, 2020	T2, 2020
<b>USF Review - Project 1</b>	T3, 2020	T3, 2020
<b>Framework for the Procurement of Power Generation Resources</b>	T1, 2020	T2, 2020
<b>Establishment of ADR Schemes for the ES</b>	T1, 2020	T1, 2020
<b>Licensee Data Reporting and Performance Monitoring</b>	T1, 2020	T1, 2020
<b>Framework for Public Electricity Supplier Inspections</b>	T2, 2020	T3, 2020

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
<b>Generation Licence</b>	T1, 2020	T2, 2020



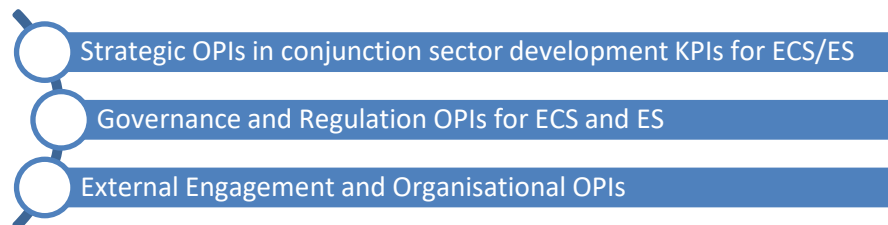
## 4. Evaluating Our Effectiveness

### 4.1 Transition to URCA's Organisational Performance Indicators (OPI)

Having completed the design of its new OPIs during 2019 (see section XX above), in 2020, URCA will begin implementation of the OPIs in its reporting framework, a two year process which will culminate in the publication in early 2023 of URCA's 2022 OPI results. The OPIs will provide a simple, high-level and easy way of measuring the effectiveness of URCA's activities as an organisation, and the reputation of URCA to its external and internal stakeholders. The OPIs will also help with the implementation of prioritisation processes and post-project evaluation reviews along with measuring the practicability of work being done.

The OPIs will be implemented and rolled out in a three-year approach: Phase 1-*Inception*, Phase 2-*OPI Development*, and Phase 3-*Implementation*. To monitor its progress, the OPIs will need to be recorded and reported periodically by URCA. The key aim of these OPIs is to achieve regulatory excellence which fully deploys its mission of '*improving lives through effective regulation*'.

**Below is the proposed OPI framework:**



The Strategic OPI seeks to measure URCA's performance in aligning its strategic objectives with its mandate and policy objectives outlined in the governing legislation and policy, and executing on those objectives. In order to implement the Strategic OPIs, URCA will need to perform a more comprehensive assessment of the regulated sector. With the use of 20 KPIs, ECS will be assessed by looking at coverage, taking up, speed, pricing affordability and quality of service across fixed, mobile and broadcasting. For the ES, there will be 12 KPIs outside of those from the National Energy Policy, which will look at economic source, diversification, renewable electricity, pricing environmental and consumer aspects of the market. Further assessments will be made on measuring consumer and stakeholder feedback, gathering

information on sectoral trends (global benchmarks) and having meetings between senior URCA staff and senior stakeholders including government licensees.

The Governance and Regulation OPIs for ECS and ES are designed to measure the effective of URCA's regulatory activities in each sector by reviewing each stage of the regulatory cycle and ensuring that URCA is completing the necessary processes to achieve effective regulatory measures. These OPIs use a simple 7-step approach starting with an Identification OPI, Diagnosis OPI, Regulatory decision OPI, Internal decision review OPI, Compliance OPI and lastly an Ex-post evaluation OPI. These assessments will look at important reactions such as recommendations, risks, milestones, consumer interest, and industry outcomes.

Lastly, the External Engagement and Organisational OPIs will consider and measure the effectiveness of URCA regarding reporting, consulting and consumer and stakeholder perception. To do this, URCA will consider OPIs for stakeholder views, consumer interest, transparency, and value-for-money.

To ensure that these OPIs become integrated, URCA has set milestones at the end of each year for the next three years. URCA will as an ongoing cycle, use OPIs to support its work during annual planning, ad-hoc projects, before commencing regulatory intervention, after a regulatory project, and during the annual reporting activity. It is the intent to publish a full set of OPIs in the Annual Report for 2022, due for completion in T1, 2023.

URCA is preparing a fact sheet on the OPIs, and the implementation process, which URCA will publish on its website to ensure that stakeholders are aware of the ongoing internal and external processes involved in this significant initiative.

## **4.2 URCA's Key Performance Indicators (KPIs) for 2020**

Pending completion of the OPI implementation process, in 2020 URCA proposes to evaluate its effectiveness through:

- Identification and adoption of appropriate key performance indicators (KPIs), based on statutory requirements and regulatory and management best practices;
- Measurement and monitoring of those KPIs; and,
- Publication of an Annual Report on its operations and performance.

KPIs for URCA’s work completed in 2020 will be tabulated and included in URCA’s 2019 Annual Report, which will be published by the end of April 2021. URCA provides below in Table 6 the indicators which will be adopted for 2020.

**Table 6 - 2020 Performance Indicators**

Statutory/Regulatory	Finance	HR	IT
Draft Annual Plan & Strategy published before end of financial year	Cost of Finance function as a percentage of total operating expenditure	Cost of HR function as a percentage of expenditure	Cost of IT function as a percentage of total expenditure
Annual Report and final Annual Plan published within 4 months of year end	Period-end cycle time (working days to close) Year-end cycle time (working days to close)	Cost of HR function per employee	Organisational ICT spend (investment in ICT infrastructure & hardware across the organisation)
Final Determinations to be published within one month from closing date for comments on Preliminary Determination	Forecasting accuracy	Ratio of employees (full time equivalent) to HR staff	Percentage who are able to access the network and system remotely
Percentage of public consultations started within period stated in Annual Plan	Cost of Licensee invoicing	Average days for full time employee per year invested in learning and development	
Time to publish results, decisions, and other regulatory measures after close of consultation: 45-60 days 60-90 days >90 days	Debtor Days	Cost of learning and development activity as percentage of total payroll	
<u>Consumer Complaints</u> Number of complaints received Percentage of total complaints resolved Average time taken to resolve complaints	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	
Licenses issued within:			

30 days - individual licences 45 days - class licences Volume of licences processed in the year	Long outstanding debt (>90 days) as a percentage of total debt	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 role after 12 months of service	
		The percentage of employees who left the organisation during the year	

## 5. URCA’s Draft Budget 2020

### 5.1 Overview

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

URCA’s draft 2020 Budget is separated into discrete budgets for each of 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 and as such, the budgets seek to recover 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 7 below, as compared with budgeted expenditure for the two preceding years.

**Table 7 - URCA draft Budget 2020**

Category	2018	2019	2020
Staff Costs	2,405,714	2,139,810	2,395,531
Non-Executive Compensation	229,000	226,400	218,020
Executive Compensation	478,652	514,128	528,543
Professional Services	1,536,000	1,077,000	857,000
Conferences, Training, and Travel	553,400	513,130	569,248
Premises Costs and Utilities	304,900	483,840	478,485
Consumer Education and Public Relations	202,000	214,600	320,250
Office Services	322,600	308,591	323,505
Information Technology	103,300	155,500	173,325
General and Administrative Expenses	370,830	482,495	349,250
<b>Total Operations Expenditure (OPEX)</b>	<b>6,506,396</b>	<b>6,115,493</b>	<b>6,213,157</b>
<b>Depreciation</b>	<b>472,342</b>	<b>538,981</b>	<b>304,814</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>6,978,738</b>	<b>6,654,477</b>	<b>6,517,971</b>
<b>Capital Expenditure</b>	<b>491,300</b>	<b>758,000</b>	<b>679,600</b>

Overall, URCA proposes a modest increase to its operating budget (excluding depreciation) for 2020 by approximately 2% compared to 2019. Some of the key changes are explained in the following:

- In 2019 URCA's staff grew by one to 29 at the end of the year. As discussed in section 3.2.6, in 2020 URCA is seeking to achieve a further 34% increase in its staff complement, growing from 29 to 39 staff. As a result, URCA's Staff Costs are projected to increase by 12% reflecting continued efforts to adequately staff the organisation in order to ensure that the sectors are properly regulated.
- Budgeted spending on Professional Services in 2020 will decrease slightly by 3% to 13% of total operating expenses. These expenses will be driven predominantly by regulatory projects including scheduled surveys and market reviews, and litigation expected to be before the court for trial during 2020.
- Spending on Conferences, Training and Travel will increase by 11% due to an increase in regulatory monitoring across The Bahamas, and the implementation of regular Pop Up Offices in the Family Islands.
- Consumer Education and Public Relations expenditure will increase significantly by 49% due to increase efforts to educate the consumer through increased town hall activities and new marketing and media tools.
- Information technology expenditure is expected to increase due to enhanced reliance on and upgrade of technology including LAN maintenance, cloud backup monitoring and a gradual shift to software/cloud based productivity software.
- General and administrative expenses which decreased from 7% to 5% of total operating expenses, are expected to decrease significantly over last year by 28% due to 2019 budget allocation for a special project to celebrate the 10<sup>th</sup> anniversary of regulatory oversight by URCA planned for that year which did not materialize.
- URCA's Capital Expenditure budget is proposed to decrease by approximately 10% as major capital projects planned in 2019 that included URCA's Green Project (solar car park installation

and other energy efficiency measures at URCA's offices), the development of an URCA App and installation of a fire suppression system at Frederick House continue into 2020. Other noteworthy capital projects include the commencement of renovations for the upper floors of URCA's premises at Frederick House.

## 5.2 Electronic Communications Sector Budget 2020

Table 8 below contains a summary of URCA's draft 2020 budget for its regulatory activities in the ECS, as compared with its budget for the preceding two years.

**Table 8 - ECS draft Budget 2020**

Category	2018	2019	2020
Staff Costs	1,495,484	1,395,371	1,394,537
Non-Executive Compensation	141,855	181,120	174,416
Executive Compensation	230,800	229,333	258,258
Professional Services	1,256,000	688,250	746,750
Conferences, Training, and Travel	400,350	414,080	384,948
Premises Costs and Utilities	204,134	372,065	311,016
Consumer Education and Public Relations	148,470	189,680	160,125
Office Services	209,111	221,643	249,629
Information Technology	82,640	124,400	121,328
General and Administrative Expenses	343,194	419,049	288,088
<b>Total Operations Expenditure (OPEX)</b>	<b>4,512,038</b>	<b>4,234,991</b>	<b>4,089,093</b>
<b>Depreciation</b>	<b>367,566</b>	<b>448,928</b>	<b>250,595</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>4,879,604</b>	<b>4,683,919</b>	<b>4,339,688</b>
<b>Capital Expenditure</b>	<b>393,040</b>	<b>487,200</b>	<b>577,660</b>

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

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to decrease in 2020 by 3% when compared to the previous year. This reflects continued efforts in expenditure

containment for the adjustment of reallocation proportions of some indirect expenses between the Electronic Communication and Electricity sectors, explained in more detail under the relevant categories.

- Overall staff costs for the ECS have remained flat notwithstanding the addition of new staff hires made necessary based on the volume of work expected in the ECS during 2020, and ensuring sustainable human resources through effective succession planning and continued efforts being made to cross-train professional staff in both sectors.
- Professional services expenditure is anticipated to increase by 9% due to work performed on regulatory projects extending into 2020, including scheduled market reviews, and litigation related to the ECS.
- Conferences, training and travel costs are budgeted to decrease by 7% notwithstanding continued commitment to develop and upskill our staff through structured training and providing opportunities to participate in regional regulatory workshops and conferences.
- Consumer Education and Public Relations is anticipated to decrease by 16%; there will be a concerted emphasis on educating and informing consumers on the regulatory regime in the ECS, continued hosting of public relations initiatives (Girls in ICT Day) and increased public consultations on sector issues, community outreach, and the utilizing of other advertising media.
- Information technology expenditure decreases by 3% in spite of reliance on and upgrade of technology including LAN maintenance, cloud backup monitoring and a gradual shift to software/cloud based productivity software due to changes in allocation between the sectors with the Electricity sector allocation being increased.



### 5.3 Electricity Sector Budget 2020

Table 9 contains a summary of URCA’s draft 2020 budget for its regulatory activities in the ES, as compared with its budget for the preceding two years.

**Table 9 - ES draft Budget 2020**

<b>Category</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Staff Costs	910,230	744,438	1,000,994
Non-Executive Compensation	87,145	45,280	43,604
Executive Compensation	247,852	284,795	270,285
Professional Services	280,000	388,750	110,250
Conferences, Training, and Travel	153,050	99,050	184,300
Premises Costs and Utilities	100,766	111,775	167,471
Consumer Education and Public Relations	53,530	24,920	160,125
Office Services	113,489	86,948	73,876
Information Technology	20,660	31,100	51,998
General and Administrative Expenses	27,636	63,446	61,163
<b>Total Operations Expenditure (OPEX)</b>	<b>1,994,358</b>	<b>1,880,502</b>	<b>2,124,064</b>
<b>Depreciation</b>	<b>104,776</b>	<b>90,056</b>	<b>54,219</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>2,099,134</b>	<b>1,970,557</b>	<b>2,178,283</b>
<b>Capital Expenditure</b>	<b>98,260</b>	<b>270,800</b>	<b>101,940</b>

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

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to increase in 2020 by 13% when compared to the prior year. This reflects the general increase in URCA’s expenditure on work pertaining to the ES, as adjusted by reallocation of staff and other related expenses from the ECS to the ES based on work scheduled for 2020.
- Staff Costs are anticipated to significantly increase (by 35%) as the human resources in the Utilities and Energy Department are increased to enhance URCA’s oversight of the ES.

- Professional services expenditure is anticipated to decrease significantly by 72% due to the carryover of 2019 budget allocations resulting from a focus on ensuring completion of projects scheduled and budgeted for 2019.
- Conferences, training and travel costs are budgeted to increase by 86% due to continued commitment to develop and upskill our staff through structured training and providing opportunities to participate in regional regulatory workshops and conferences.
- Information technology expenditure is expected to increase by 67% due to ongoing enhancements in the use of technology by URCA.
- Consumer Education and Public Relations is anticipated to increase by 543% due to renewed emphasis on educating and informing consumers on the regulatory regime in the ES, increased public consultations on sector issues in particular Renewable Energy and Energy Conservation, community outreach, and the utilizing of other advertising media.