



URCA Draft Annual Plan 2021

URCA 06/2020

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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 2021. The remainder of this document outlines:

- A brief review of URCA’s achievements in 2020;
- URCA’s focus areas and key priorities for 2021;
- URCA’s key projects for 2021, 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 5 pm on 22 February 2021;
- URCA shall endeavour to publish these responses by 5 pm on 1 March 2021;
- Comments on the submissions to this consultation may be submitted by 12 March 2021; and,
- URCA shall endeavour to publish the final version of its Annual Plan by 16 April 2021.

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 this forum for 10 February 2021.

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 PO Box N-4860, Nassau, Bahamas; or
- by fax to 242 393 0237; or
- by email to info@urcabahamas.bs

2. Review of URCA's Achievements in 2020

2.1 Overview

The final version of URCA's 2020 Annual Plan was published on 9 May 2020 together with URCA's Annual Report for 2019. In the 2020 Annual Plan, URCA set out several projects, which URCA intended to undertake within the proposed timelines. URCA takes this opportunity to note that the document was published later than anticipated in the Draft Annual Plan 2020 and advise that the Coronavirus 2019 Pandemic (Covid-19 Pandemic) impacted URCA's publication of the work plan and its ability to achieve the proposed timelines.

Notwithstanding the challenges, the Covid-19 Pandemic highlighted the significance of the Electronic Communications and Electricity sectors to the country's sustainable operation, particularly in times of crisis.

Electronic Communications and Electricity were integral to the country's response to the Pandemic. The protracted restrictions and health and safety protocols accelerated the country's acknowledgement and acceptance of the value of a comprehensive, structured, and systematic transition to a more digitally inclusive society. The heightened demand for sustainable electronic communications services reinforced the significance of a robust and resilient national telecommunications infrastructure supported by a reliable electricity supply.

New and emerging technologies are essential components of this global digital revolution and were essential to the country's ability to pivot and transition to the radical shift in its operations strategy in 2020. URCA recognizes that investment in new and emerging technologies, influenced by the rapidly evolving digital global society, does not only require visionary and strategic industry leadership to ensure the continued growth and expansion of the sectors, but a regulatory regime with the agility to respond and adapt to the ever-changing national and international societal demands.

The Pandemic created opportunities for a major societal paradigm shift, from the normal operations to technology-based platforms. Information Communication Technologies (ICTs) facilitated establishing the new virtual environment that embraced the full spectrum of online communications applications, platforms, and methodologies required to sustain business operations and social interactions.

Incorporating remote working and full virtual operations infused with creativity and innovation resulted in current and new business ventures exploring and employing new approaches to business development, expansion, and sustainability.

While ICTs encourage creativity and innovation, they are also vital to the virtual delivery of, inter alia, the full range of Government and Private Sector services, inclusive of Healthcare, Education, Social Services, Banking, Finance, and Business transactions. It supports the concept of the ease of doing international business transactions. It facilitates professional engagements, inclusive of virtual meetings, conferences, education, and training, etc.

In 2020, URCA began the year focused on its regulatory agenda driven by its annual work plan. However, prior to publishing the 2020 Annual Plan, the concentration shifted to the emerging telecommunications and electricity requirements initiated by the Covid-19 Pandemic that demanded immediate attention. URCA engaged with key stakeholders, the Government, and its Licensees to provide the appropriate ancillary support, assistance, and response necessary to address the serious national concerns emanating from the Pandemic while facilitating continued activity in the economy. It required flexibility and adaptability to the rapidly evolving “new normal” that signalled the need for a fluid approach to the regulatory process.

With its second and third most important economic centres already challenged, the Covid-19 reality placed additional burden on The Bahamas. Abaco and Grand Bahama are still recovering from the devastating impact of Hurricane Dorian. Despite significant progress, the service providers on both islands are still rebuilding and restoring their telecommunications and electricity infrastructure, impacting the availability and accessibility of essential services. The country's archipelagic geography further exposes deficiencies, particularly the inaccessibility of reliable telecommunications services and electricity supply to unserved and under-served family island communities.

URCA and its key stakeholders must consider the Pandemic experience and the corresponding ECS and ES responses as a beta test of the national electronic communications and electricity infrastructure's capacity to sustain service levels required for the normal operation of society during challenging circumstances. Consequential to that assessment is the need to consider the country's archipelagic geographic layout, with its unique economic challenges in the sparsely populated islands. The concerns of quality, diversity, availability, accessibility, and affordability of electronic communications and electricity services require a

comprehensive review that incorporates progressive and innovative approaches. Ultimately, the analysis of the pandemic response should contemplate The Bahamas' capacity, inclusive of all islands, access and fully utilize telecommunications and electricity services during times of crisis for the continued execution of the economic and social activity and management of the country's affairs within the national and global context.

It is anticipated that the impact of the Covid-19 Pandemic will continue well into 2021 and possibly beyond. URCA reaffirms its commitment to the continued evolution of the ECS and ES, working collaboratively with its licensees and other stakeholders to ensure that the country's electronic communications and electricity infrastructure can adequately address the growing and rapidly changing dynamics throughout the country.

URCA recognises the relevance of its project work, the impact on its licensees and other stakeholders, and its importance to the availability and accessibility of telecommunications and electricity services to all current and potential subscribers. URCA remains committed to the development of enhanced measurement of its performance, which is vital to the effective ongoing assessment of its regulation of the two sectors. In 2021, URCA will continue its work on the Organisational Performance Index (OPI) and will rely on responses to its public consultation and ongoing engagement with licensees to inform the rollout of its implementation plan.

URCA also remains committed to its international relations (IR) function as the representative of the Government of The Bahamas at various international organisations. In 2020, URCA participated in numerous virtual sessions, inclusive of the International Telecommunication Union (ITU), Council meetings, Inter-American Telecommunications Commission (CITEL), as well as regional meetings of the Organisation of Caribbean Utilities Regulators (OOCUR) and the Caribbean Telecommunications Union (CTU). URCA continues to develop its capacity and approach to effectively executing the IR obligation in a manner that facilitates the advancement of its regulatory mandate.

2.2 Performance Against URCA's 2020 Annual Plan

In the 2020 Annual Plan, URCA prioritised projects into three tiers (Tier I, Tier II, and Tier III). The rationale for the 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 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 the 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;
 - 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 that 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 that 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 2020, URCA worked on the following General projects:

Tier I Projects

Review of Consumer Protection Regulations

In December 2019, URCA published its review of the Consumer Protection Regulations (CPR) for public consultation. The review of the CPR sought to incorporate necessary provisions for the Electricity Sector while reviewing the provisions for the ECS. The stakeholder responses to the proposed revised regulations led URCA to reconsider its approach of a single CPR document to facilitate both the ECS and ES. In 2020, URCA published an explanatory statement indicating its intention to develop regulations specific to the ES and defer the review of the provisions of the CPR for the ECS to a date to be determined. On 9 December 2020, URCA published its Statement of Results (SoR) and CPR (ES 12/2020) for the Electricity Sector.

URCA Organisational Performance Indexes – Phase 1

In 2020 URCA committed to initiating the phased implementation of its Organisational Performance Indexes (OPI) as an initial step toward the achievement of URCA's strategic objective to establish more appropriate and meaningful methods of measuring its performance. Work on the implementation of the OPIs began with the development of the OPI Implementation Plan and the publication of a consultation document on the proposed Addendum to the *Market Information Reporting Requirements for Specified Licensees in the Electronic Communications Sector* (ECS 16/2020). URCA anticipates initiating a phased implementation in 2021, with full implementation scheduled for 2022.

Market and Consumer Satisfaction Surveys

In 2020 URCA intended to address what is considered a lack of adequate information about stakeholder sentiments and behaviours within the regulated sectors. The inadequacy is described as a significant hindrance to URCA's regulatory effectiveness. URCA intended to commission surveys to begin the assessment of markets in the ES and ECS during 2020. However, the Covid-19 Pandemic made it difficult

for the planning and execution of surveys. This Tier I project is now scheduled to begin in 2021, with completion anticipated in 2022.

2.2.2 Electronic Communications Sector (ECS) Projects

In 2020 URCA continued its strategic approach to achieving its ECS policy objectives and regulatory priorities. Ordinarily, Tier I, and Tier II projects inform 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 prioritisation and execution, URCA ensured that intentional focus and required resources supported the commitment to complete its priority projects in 2020. Notwithstanding the established work plan agenda and the allocated resources, the Covid-19 Pandemic forced a re-ordering of priorities. The decision was ultimately taken to defer ALL new projects planned for 2020 to 2021. A brief discussion of URCA's achievements against the carryover 2020 Tier I and Tier II Projects is set out below:

2020 Tier I and Tier II Projects

The following projects were designated as Tier I and Tier II projects for 2020. These projects, now listed as 2021 carryover projects in Tiers I and II, are outlined in greater detail in the relevant section of this report.

- Review of Universal Service Framework
- Framework for Public Service Broadcasting
- ECS Market Surveys (Pay TV and FM Broadcasting)
- Monitoring and Compliance
- Market Review – Fixed Services (incl. Pay TV)
- ICTs for Persons with Disabilities

Projects Carried Over from 2019

Review of ECS Policy

In compliance with Section 6 of the Communications Act, 2009 (Comms Act), URCA drafted the revised Sector Policy for the Minister's publication in the Gazette. The revised Sector Policy sets out the strategic aims of the Government for the achievement of the electronic communications policy objectives outlined in section 4 of the Comms Act. The Minister with responsibility for the ECS, published the Sector Policy in the Gazette on 19 March 2020. URCA published the document on its website on 17 June 2020.

National Spectrum Plan

On 20 March 2020, in fulfilment of the requirements set out in Part V of the Comms Act, URCA published the National Spectrum Plan (2020-2023) (the "Spectrum Plan"). The Spectrum Plan pertains to the use of all wireless communication systems and devices in The Bahamas. The Plan addresses the regulatory, technical, financial, and geographical elements that must be taken into consideration to effectively allocate, plan, price, authorise, and monitor and enforce the use of radio spectrum in The Bahamas per the policy objectives of the Comms Act.

Review of Consumer Protection Regulations

On 30 December 2013, URCA issued its Consumer Protection Regulations (the Regulations), which were aimed at ensuring that consumers of electronic communications services in The Bahamas benefited from the highest possible standards of service provided by Licensees. The Regulations were designed to provide consumers with clear guidelines regarding the way they should expect to be treated by service providers and what consumers should do in cases where the providers did not meet certain expectations. In 2019 URCA decided to undertake a review of the Regulations to include provisions relating to the electricity sector. On 14 February 2020, URCA published and initiated its public consultation process on the Consumer Protection (Amendment) Regulations - URCA 01/2020. Responses to the consultation were received on 29 May 2020. Upon review, URCA decided that amendments to the electronic communications sector were not necessary and focused primarily on the development of regulations relative to the electricity sector.

ICTs for Disaster Preparedness and Management

In 2019 Hurricane Dorian was a sobering reminder of the devastating consequences natural disasters could have on a country's infrastructure. It reinforced the need for regulatory measures that will encourage the establishment of a more robust and resilient telecommunications infrastructure throughout the archipelago. In 2020 the major telecommunications licensees continued investing in the rebuilding and restoration of their infrastructure on Abaco and Grand Bahama, the islands hardest hit by the storm. While significant progress has been made with the greater percentage of residents having access to telecommunications services, URCA and its key stakeholders continued its efforts in 2020 to complete the work on Disaster Management Regulations with emphasis on, inter alia, infrastructure strengthening, and resilience. On 11 December 2020, URCA, having consulted with key Public Sector Disaster Management Agencies, industry stakeholders, and the public, published the Statement of Results and Disaster Management Regulations as ECS 17/2020 and ECS 18/2020, respectively.

Review of Wholesale Internet Access

On 8 September 2020, URCA published its Final Determination on its Review of Wholesale Broadband Access Services as ECS 13/2020. The review concentrated on the competition dynamics in the wholesale internet access services markets in The Bahamas, more specifically the Wholesale Fixed Access (WFA) and the Wholesale Broadband Access (WBA) services. URCA's review determined that Dedicated Internet Access (DIA) is a wholesale product required by Other Licensed Operators (OLOs) as part of the WBA market. URCA imposed regulatory obligations on the wholesale Dedicated Internet Access (DIA) services provided by BTC and CBL up to a Point of Presence which the OLOs then use to provide retail broadband services to customers. The wholesale prices charged by BTC and CBL to the OLOs will now be subject to cost-based regulation.

Implementation of Wholesale Internet Access Obligations

As set out in URCA's Final Determination on the Wholesale Internet Access review, BTC and CBL were required to submit to URCA for approval their proposed price and non-price terms for their Point of Presence based wholesale DIA services. BTC and CBL must demonstrate that each proposed tariff is cost-oriented and clearly justify any material variations in the price and non-price terms and conditions of the wholesale DIA service offerings. Once approved by URCA, BTC and CBL shall then publish the tariff and non-price terms and conditions on their websites and additionally make such information available in other formats upon request. URCA expects the implementation of these obligations to be completed in early 2021.

Review of Broadcasting Content Code

On 17 August 2020, URCA published its revised Code of Practice for Content Regulation as ECS 08/2020. The review addressed three areas of the Code, Political Broadcasts, Advertising, and Complaints Handling. In 2018 URCA began its review of the Code, informed by the delayed closure of polls during the 2017 General Elections, the legalisation of gaming in The Bahamas, and stakeholder feedback on the complaints handling process. URCA engaged the Content Regulation Industry Group (CRIG) and other key stakeholders in the consultation process and subsequently sought external legal opinion on potential challenges to the constitutionality of proposed amendments to the gaming provisions of the Co

de. The revised changes include, inter alia, an amendment to section 7.9.1 of the gaming provisions, which introduces a broadcasting watershed period for gaming advertising as a measure to protect under-aged children from exposure to potential harm.

Market Review of Mobile Services

In 2020 URCA began work on its first Market Review of Mobile Services since the liberalisation of the sector in 2016. However, the review required market information that could only be sourced through survey reports that could not be executed during 2020 as a result of the Covid-19 Pandemic. This review will include examining the wholesale market for call origination and termination and reviewing whether any of the operators have Significant Market Power. This work stream is scheduled to continue in 2021 as a Tier 1 project.

Review of Interconnection Rates

On 10 June 2020, URCA published its Addendum to its Final Determination on its Review of Wholesale Fixed and Mobile Termination Rates for SMP Licensees (ECS 74/2019) as ECS 05/2020. It completed the review that sought to identify a more efficient method of determining fixed and mobile termination rates. The Final Determination established a three-year glide path based on benchmarking for determining fixed and mobile termination rates. The addendum established URCA's position on a Long Run Incremental Cost (LRIC) model to more efficiently determine termination rates.

Framework for Internet Exchange Points in The Bahamas

On 21 August 2020, URCA published its Statement of Results and Final Decision on the Framework for Establishing Internet Exchange Points (IXPs) in The Bahamas as ECS 11/2020. This priority objective of the revised Sector Policy paves the way for the continued expansion of the telecommunications sector. IXPs can serve multiple purposes, including the establishment of an Internet Exchange (IX) to further the growth and development of the telecommunications sector. Also, IXPs can 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.

2.2.3 Electricity Sector (ES) Projects

The Department's primary focus for the year 2020 was to continue its efforts to enact regulations to enhance licensee accountability, access to renewable energy, and consumer protection. However, the pandemic has resulted in significant changes to the Department's filed-2020 work plan and procedures. In this regard, we've had to reprioritize scheduled projects due to the shifting demands brought on by the various Covid-19 mitigation measures. Fortunately, several opportunity projects were spawned by the Covid-19 mitigation measures, which have bode well for all stakeholders as we continue to traverse this uncharted territory.

In addition to the above, the Department was called upon to assist the sector by evaluating and consulting with various stakeholders on financing initiatives such as the evaluation of a rate reduction bond, fuel hedging, and billing options. These measures were advanced in an effort to finance maintenance and efficiency upgrades, leverage current market fuel prices, and to dampen the economic shocks emanating from the local and global responses to the ongoing pandemic. These matters and the completed projects are expounded on in greater detail below.

Tier I Projects

Framework for the Procurement of Power Generation Resources

Procurement Regulations for Electricity Licensees, 2020

On 15 July 2020, URCA published its Procurement Regulations for Electricity Licensees, 2020. These Regulations were issued in pursuance of URCA's obligations under the Electricity Act, 2015 (EA), specifically section 38 (1)(c).

The Regulations established the framework for procurement by licensees of generation resources, transmission, distribution, storage, and supply assets and services to ensure compliance with economic purchasing obligations under each licensee's respective licence. Further, the Regulations seek to ensure a consistent, efficient, fair, and transparent approach in the economic acquisition of goods, work, and services by licensees in the Electricity Sector. The minimum set of rules contained in the Regulations are aimed at engendering trust in the procurement process resulting in the best economic outcome.

The Procurement Regulations apply to licensees, where the value of goods, services, and works to be procured is B\$500,000 or more or generation capacity is at least 1MW. Licensees are required to implement procurement rules within 60 days of the entry into force of the Procurement Regulations or within 60 days of issuance of the relevant licence if obtained post the coming into force of the Procurement Regulations.

The Procurement Regulations were published on URCA's website along with URCA's Statement of Results and Final Decision, as ES 07/2020 and ES 06/2020, respectively.

Renewable Energy Self Generation (RESG) Launch

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. The RESG project work commenced in September 2019 as a Tier II project and was carried over into 2020 as a Tier I initiative.

On 10 March 2020, URCA issued its Statement of Results and Final Decision on Guidelines for the Approval of Renewable Energy Self Generation Projects, ES 03/2020, 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 from 100kW to 1MW.

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

As per the EA s.40(10), the intention is 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. The rules will be established via a consultative process with all stakeholders and will provide guidelines for the resolution of disputes between stakeholders in contentious situations. The intention is to provide a mechanism where all stakeholders are held accountable, and the rules are clear, fair, and publicized.

In this regard, URCA commenced work in 2019 to comply with the said statutory requirement. A consultation document was published in T2, 2019; however, based on the feedback to that document, a decision was made to revise the consultation document and start the process afresh. The revised consultation document has been drafted; however, due to competing resources, the advancement of this work has been rescheduled to T1 2021 as a Tier I initiative.

Fuel Charge Cost Recovery Regulation

As stated in the 2020 Annual Plan, URCA considers it necessary to ensure that there is clear regulatory oversight of the fuel charge approach wherever it is employed in The Bahamas. Therefore, URCA had proposed to develop a comprehensive methodology for the derivation and application of Fuel Charges within the sector as a Tier I project for 2020. Unfortunately, the vagaries of 2020 resulted in a diversion, which resulted in URCA providing some consultation advice with regard to the Fuel Charge as the Government and BPL had to adapt to address electricity supply affordability rapidly and, by extension, accessibility in the height of the pandemic.

On 17 April 2020, BPL made a presentation to URCA on a proposed hedging initiative that they were considering in an effort to capitalize on the then relatively low market price for the fuels utilized for power production. The presentation addressed their proposed policy, methodology, and anticipated targets. URCA notes that while the authority to approve the composition of the Fuel Adjustment Charge (FAC) and other tariff-related matters ordinarily falls within the purview of energy sector regulators, URCA is statute-barred from doing so with regard to BPL until 2021 by virtue of a tariff holiday enacted by section 20 of the EA.

Notwithstanding the above, URCA was consulted on the hedging initiative and subsequent FAC amendments, and its advice is considered to have been fairly persuasive as signified by the substantial adoption of the technical and economic recommendations provided. BPL announced the commencement of its hedging program in July 2020, which was accompanied by the application of the targeted FAC to its billings.

URCA is proposing to revisit the original intent of this project as a Tier II project in 2021, given that the need remains to ensure that the Fuel Charge mechanism utilised by all licensees:-

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

ES Licensee Data Reporting and Performance Monitoring

As it is important that URCA effectively monitors and evaluates Licensees' performance, the captioned project was undertaken in 2020 to provide the framework for the collection, recording, analysis, and reporting of the metrics necessary for comparing and tracking the performance of the sector's service providers.

From a regulatory standpoint, URCA's goal is to incentivize a PESL to improve its performance relative to operational, dynamic, and consumption efficiencies, as well as other policy objectives.¹ Accordingly, it is important that URCA effectively monitor and evaluate a PESL's performance. In general, the recommended indicators will serve as a tool for:

- establishing baseline indicators of a PESL's performance;
- monitoring a PESL's performance over time;

¹ Based on http://mitei.mit.edu/system/files/Electric_Grid_8_UTILITY_Regulation.pdf

- assessing a PESL’s performance against other electric utilities in The Bahamas and overseas; and
- providing the framework for a PESL to report to URCA in respect of its performance.

On 15 July 2020, URCA issued the Statement of Results and Final Decision, ES 06/2020, and the Public Electricity Supply Licensees Reporting Obligations Procedures and Guidelines, ES 07/2020, in relation to the captioned matter.

Tier II Projects

The following projects were designated as Tier II projects for 2020; however, due to the reorganization of the 2020 Workplan to accommodate the immediate needs arising as a result of the pandemic, the opportunity did not present to address any of them fully. In this regard, a few of the 2020 projects have been carried over and elevated to 2021 Tier I projects and are outlined in greater detail in the relevant section of this report.

- Framework for Public Electricity Supplier Inspections
- Efficiency Audit (BPL) & Tool Development
- Tariff Studies & Setting Procedures
- SSRG Advancement Program
- Promotion of Energy Efficiency and Conservation

Other 2020 ES Projects

Rate Reduction Bond

In late 2019 Bahamas Power and Light (BPL) and the Government of The Bahamas proposed a bond offering to provide the funding required to address legacy debt and capitalization for the Government-owned power utility. In this regard, in January 2020, a compendium of Rate Reduction Bond (RRB) documents were submitted for URCA’s regulatory review and possible approvals. The UE Department was given and successfully met an aggressive timeline in which to turnaround its assessment of the RRB documents, which included the Rate Reduction Bond legislation and the proposed Bond Fee calculation methodology.

It is noted that the bond offering was subsequently delayed due to the onset of the unfavourable prevailing economic conditions as a result of the Coronavirus pandemic. Further, as these conditions have materially changed the technical and economic dynamics of the electricity sector, it is anticipated that the advice given in January 2020 may be dated and should be revisited prior to any restart of this initiative.

Consumer Protection Regulations for the Electricity Sector in The Bahamas

On 9 December 2020, URCA published the “Consumer Protection Regulations for the Electricity Sector in The Bahamas” (ES 13/2020). The Licensees and Consumers in the ES are to be guided by these regulations and the procedures established therein. The main objectives of the Regulations include, but are not limited to, the following:

- to provide guidelines relating to specific practices of the mentioned licensees, including contract terms, billings and complaints handling;
- outline the obligations and responsibilities that are conferred on Consumers when utilising electricity supply services provided by licensees; and
- establish a series of reporting requirements on the licensees so that URCA can survey the effectiveness of the ES CPR when implemented and take appropriate action to address any deficiencies consequential to their application in the ES.

URCA will revise the Consumer Protection Regulations for the Electricity Sector from time to time, consequential to industry experiences, developing law, best practices, and any changes to URCA’s powers and responsibilities.

Cost-Based Pricing for Renewable Energy Generation Projects

In keeping with its plan to establish appropriate methodologies to economically calculate the fair price point for RE under the RESG and SSRG programs, URCA accepted the Inter-America Development Bank’s (IDB) offer for technical assistance with the development of the same. The primary objective of the IDB’s assistance, based on the Terms of Reference developed in consultation with URCA, was to provide support to the Electricity Regulator of The Bahamas with the determination of the real costs for the installations of distributed generation in the Bahamas.

In this regard, the development of the Levelized Cost of Electricity (LCOE) financial calculator tool development started in earnest in January 2020, and the tool was operationalized in September 2020. The UE Department envisions utilizing the tool to revisit the compensation schemes in the renewable energy programs and determine the fair economic price that will incentivize the desired participation of RE generation.

2.3 International Participation and Engagement

In 2020, URCA continued its obligation as the Bahamas' representative on the Council of the ITU and the Executive Committee of CITEL. The recruitment of the International Relations Officer in 2019 provided a level of continuity following the departure of the former CEO who led URCA's international work. In 2020, the IRO was elected as Vice-Chair of the ITU Working Group on Human Resources, a significant achievement for The Bahamas. The IRO was also instrumental in drafting The Bahamas' contribution on the expansion and availability of ITU Fellowships to Small Island Developing States (SIDs), which was adopted by the ITU and will benefit developing countries in the future.

This year, the international work shifted to the virtual platform, and URCA continued its participation. Virtual engagement is expected to remain the approach to meetings and conferences for the ITU and CITEL for at least the first six months of 2021, reducing URCA's financial requirement to fulfil the obligations.

In 2020, URCA also continued its commitment to collaborating and engaging with its regional regulatory counterparts, participating in virtual meetings and events organized by the Caribbean Telecommunications Union (CTU) and the Organization of Caribbean Utilities Regulators (OOCUR).

URCA is currently developing, and in 2021 will implement, a revised approach to the execution of its international work. While the IRO remains a key contributor, URCA's Board recently approved the creation of an International/Government Relations team that will receive occasional support from other ECS and ES team members to more effectively manage the international obligations across the two sectors.

2.4 Building Regulatory Capacity and Human Capital

In 2020, URCA committed to implementing a more intentional approach to developing its Human Resource capital with an emphasis on improving its regulatory capacity. However, the events of the past year resulted in the delay and subsequent deferral of the project to 2021.

URCA recognises that its people are its most valuable resource, and the high turnover of regulatory staff does not augur well for the sustainable growth and development of the regulator with the capacity to provide the regulatory expertise required for both sectors in a rapidly evolving era. The need to create and retain highly qualified, professional career regulators is vitally important to URCA's strategic vision of becoming "a globally respected regulator" and a champion for its regulated sectors and the people of The Bahamas.

In its 2020 Annual Plan, URCA emphasized the importance of investment in its human resource capital to its ability to achieve the organization's mission of *"improving lives through effective utilities regulation"*. That ideal informs the organisation's intentional decision to invest in the development of its people and build the regulatory capacity while improving the skills of employees across the organization. URCA will continue to build and strengthen its workforce to ensure that all departments are adequately resourced with competent team members to assist the organization in achieving its mandate.

Creating an environment that is conducive to productivity and the delivery of consistently high-quality work demands a culture that supports and facilitates this aspiration. In 2020, URCA continued its work toward transforming the organisational culture. In 2021, the organisation will focus on the implementation of the new culture code to ensure that the organisation's core values, vision, and mission are reflected in a qualified, competent, highly motivated, and respected team thriving in a new evolving environment.

The organisation remains committed to Learning and Development as a fundamental pillar to its continued evolution. Work on the establishment of the framework and curriculum are priority agenda issues in 2021. In order to achieve a high level of organisational performance and retain quality team members, capacity building is critical. The new learning and development concept allows for a more strategic approach towards employee development with a view to significantly improving the capacity and career prospects of employees.

2.5 Educating and Supporting our Stakeholders

In 2020, URCA anticipated the continued expansion of its consumer education initiative. The renewed and expanded focus was supported by the engagement of a Consumer Education Officer. URCA intended to increase emphasis on Family Island Pop-Up offices and other public engagements such as town meetings and focus group sessions while improving its online digital presence. Despite the Covid-19 Pandemic, URCA remained committed to creating more enlightened consumers. After the launch of its Family Island initiative in Eleuthera and the successful hosting of the second Regulatory Forum for Senior and Technical Public Officers, URCA revised its communications strategy, diverting ALL of its public and stakeholder engagements to the virtual environment.

Regulatory Forum for Senior and Technical Public Officers

Building on the success of the Regulatory Basics Forum launched in 2019, the Public Utility Research Centre of the University of Florida (PURC) facilitated the February 2020 session that exposed another group of public and private sector officials to the regulatory process. More than 30 senior public and private sector officials participated. The general feedback highlighted the need for similar sessions in the future. URCA is committed to resuming this initiative once conditions allow.

Pop-Up Office and Focus Groups

In 2020, URCA fully intended to continue its initiative to provide increased focus to stakeholders on Grand Bahama and the Family Islands. URCA intended to build on its 2019 Pop-Up Office and Town Hall Meeting concept to involve additional islands. However, URCA was only able to execute its Pop-Up Office on two islands, Eleuthera and Grand Bahama, prior to the interruption by the Covid-19 Pandemic.

One highlight of the Grand Bahama visit was a special “URCA Connect” activity, affording URCA the opportunity to expand its engagement opportunity with consumers.

URCA’s Digital Engagements

As part of its response to the pandemic restrictions, URCA organized two webinars dedicated to enlightening the public on its regulatory work in the Electronic Communications and Electricity sectors. The sessions provided a brief synopsis of URCA’s role in national development through the regulation of

the sectors and gave participants the opportunity to engage with URCA's representatives on issues of concern.

URCA also moved its annual observance of the ITU's International Girls in ICT Day and URCA's Oral Hearing to the virtual platform. Both events realized increased participation. URCA used the virtual platform to host its first "ICT Basics for Seniors" in observance of International Day of Older Persons, attracting more than 200 seniors. Presenters addressed such topics as e-Health, online banking, e-Government Services, Social Media, and ICT basics. URCA plans to host the event in 2021. Finally, URCA hosted a cyber-security webinar engaging national cyber-security experts to share on this vital topic in a rapidly emerging digital world. In 2021, URCA digital platforms will become an integral aspect of its public awareness campaign.

Other Activities

While URCA did not engage in many of its usual Community Outreach Activities in 2020, of note is URCA's partnership with the ITU to bring relief through mobile telecommunications services to hundreds of displaced residents, students, and relief workers following the devastation inflicted by hurricane Dorian in 2019. The ITU and URCA committed matching funds to provide services to affected residents and members of the non-governmental organizations (NGOs) on the islands assisting with the rebuilding efforts. In partnership with the major telecommunications service providers, URCA was also able to support families on Abaco and Grand Bahama with internet-connected devices to assist school students with access to online learning.

2.6 Legal Matters

In accordance with its mandate, URCA's Legal Department advised on various matters of legal significance during 2020 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 continues its oversight of URCA's litigation, engaging with and managing external counsel. The Legal Department also lends salient support in building and fostering an effective and efficient regulatory business environment.

Oversight of Litigation

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

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

The trial for the Grand Bahama Power Company matter was scheduled for March 2020. However, the national restrictions and corresponding health protocols affected the court’s ability to facilitate the trial. Consequential to the impact of the Covid-19 pandemic, the trial was postponed. The CBL matter is also pending, and it is anticipated that the trial will follow the GBPC matter. Both matters, which commenced in 2016, remain of significant importance to URCA as the legally established regulator of electronic communications, and utilities, and energy in The Bahamas. The Communications Act and the Electricity Act empowers URCA with the statutory and regulatory mandate to regulate both sectors. The ongoing litigation of these matters continues to challenge URCA’s legal jurisdiction to regulate electronic communications and electricity in the Freeport/Lucaya areas of Grand Bahama. The resolution of these matters is essential to URCA’s ability to fully comply with its sector-specific legislation and serve the interests of stakeholders across the archipelago. Protecting the interest of residents in every settlement on every island of The Bahamas, inclusive of Grand Bahama, remains a paramount mandate and objective of URCA.

Advisory and Facilitative Functions

Appropriate and relevant legal advice is absolutely necessary as URCA executes its regular operations and regulatory functions. The Legal Department remains vital to URCA’s normal operations functions and its corporate governance. During 2020 the department continued to provide the internal legal support required while facilitating the execution of contracts and management and maintenance of the contracts register. The department also continued its provision of legal advice and operations support to the ECS and ES teams.

Risk Management

Risk Management is a key function of organizational governance and is vital to the health and effectiveness of the organization. Identification and mitigation of risks are fundamental to URCA’s ability to effectively and proficiently execute its regulatory and operations functions in its pursuit of achieving its mission of *“improving lives through effective utilities regulation”*. URCA’s Risk Management Program continues to evolve with regular reviews of existing and implementation of new mitigation strategies. The

process is committed to the consistent achievement of mitigation milestones across both sectors and in the operations areas.

In 2021, both sectors are committed to enhancing their Monitoring and Compliance processes. The sectors will embark on Monitoring and Compliance projects to establish guidelines that will strengthen the existing ex-ante and ex-post approach to compliance without the imposition of any additional burdensome requirement on licensees. It will assist both sectors in measuring impact and achieving licensee compliance with established regulations.

The General Counsel’s dedicated oversight of this key initiative is incrementally yielding the anticipated organizational improvement results reflective of a culture committed to good governance.

2.7 Summary of 2020 Outcomes

URCA performance in respect of 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 (2020 Annual Plan)	Status as of 21 December 2020
General Projects			
Review of Consumer Protection Regulations	T2, 2018	T3, 2020	Completed
Implementation of URCA Organisational Performance Indexes	T2, 2020	T, 2022	Ongoing
Draft Annual Plan 2020	T3, 2020	T3, 2020	Completed 21 December 2020
Electronic Communications Sector Projects			
ICTs for Disaster Preparedness and Management	T1, 2017	T3, 2020	Completed 11 December 2020

Review of ECS Policy	T1, 2017	T1, 2020	Completed 17 June 2020
Project	Start Period	End Period (2020 Annual Plan)	Status as of 21 December 2020
National Spectrum Plan	T1, 2019	T1, 2020	Completed 20 March 2020
Review of Wholesale Internet Access	T1, 2018	T3, 2020	Completed 8 September 2020
Review of Broadcasting Content Code	T2, 2018	T2, 2020	Completed 17 August 2020
Market Review – Mobile Services	T1, 2019		Carryover to T3, 2021
Addendum to Review of Interconnection Rates – Proposed Cost Model	T1, 2019	T2, 2020	Completed 10 June 2020
Electricity Sector Projects			
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	Completed 15 July 2020
Establishment of ADR Scheme(s) for the ES	T1, 2019	T2, 2019	Carryover to T1, 2021.
Review of BPL Fuel Charge 2018	T2, 2019	T3, 2019	Completed May 2020

Table 2 - Performance, 2019 Tier II Projects

Project	Start Period	End Period	Status as of 21 December 2020
General Projects			
Market Surveys	T3, 2018		Scheduled for 2021 as Tier I.
Electronic Communications Sector Projects			
Framework for Internet Exchange Points (IXP) for The Bahamas	T1, 2018	T2, 2020	Completed 21 August 2020
ICTs for Persons with Disabilities	T2, 2018		Rescheduled for 2021 as Tier 2.
Review of Project – Market Reviews Implementation of Price Caps	T1, 2019	T3, 2019	Completed
Framework for Public Service Broadcasting	T1, 2019		Rescheduled for 2021 as Tier I.
Market Review – Fixed Services (Incl. Pay TV)	T3, 2019	2022	Rescheduled to 2021.
Electricity Sector Proposals			
ES Licensee Data Reporting and Performance Monitoring	T2, 2019	T3, 2019	Completed 15 July 2020
Framework for Public Electricity Supplier Inspection	T2, 2019	T3, 2019	Rescheduled for 2021 as Tier 1

3. URCA's Plan for 2021

3.1 Strategic Outlook

In 2020, URCA's strategic focus was partially diverted to respond to the changing organisational and societal dynamics as a result of Covid-19. The organisational leadership transition that included the departure of two key senior positions in the organisation, together with the impact of the Pandemic did not augur well for the effective and consistent continuation of the organisation's strategic objectives. However, 2020 provided the opportunity for URCA, the sectors it regulates, its key stakeholders and the public to assess URCA's regulatory impact in the Electronic Communications Sector (ECS) and the Electricity Sector (ES) in times of national and global crises. URCA's transitional temporary leadership provided by the Director of Utilities and Energy and the Director of Electronic Communications guided the organisation through the most difficult period of the global health crisis in 2020. URCA provided regulatory support for its licensees and other stakeholders and employed a blended work concept of remote and in-office processes that led to efficient management and execution of its regulatory mandate.

URCA's eventual leadership change, with the appointment of a Chief Executive Officer during the final trimester of 2020 and the subsequent engagement of the new Human Resources and Learning Manager, positioned the organisation to build on the strategic initiatives already in train while conducting a comprehensive assessment of the organization's progress and charting the course for continued growth alignment with the organisation's strategic goals and objectives.

In 2021, the organisation will continue its focus on three major initiatives, including the implementation of URCA's Organisational Performance Indexes, the development and implementation of the Learning and Development framework and curriculum, and the implementation of the Culture Renewal process. These priority objectives remain critical to the continued evolution of the organization into a progressive, highly skilled, and efficiently responsive regulator that is cognizant of the needs of its stakeholders. URCA recognises and appreciates that its people are its most valuable resource, and investment in their intentional development will position the organisation to significantly improve its employee recruitment and retention capability, resulting in the creation of career regulators and ultimately introduce a succession plan that facilitates sustainable organizational growth.

This focused investment in URCA's team is intended to improve URCA's regulatory capacity and reinforce the quality standards which defined the organization's regulatory output and its reputation. This requires the strategic use of URCA's experience and expertise to establish the new benchmarks, based on global industry standards, that will challenge the new cadre of regulators and inspire a renewed focus and commitment throughout the organization for the consistent production of high-quality regulatory outputs.

In 2021, URCA's focus will not change dramatically from its 2020 focus, based on the organization's inability to execute its scheduled initiatives during the past year due to the impact of the Pandemic. The focus in each area of operation is as follows:

- The ES will continue its focus on building out the necessary framework to fulfil the statutory requirements and provide the regulatory oversight required to manage the sector effectively. In addition to the strengthening of the Department's documentary knowledgebase as demonstrated in the list of projects outlined below, the Department is also tasked with building regulatory capacity at the personnel level as it is on track to fill several key vacancies early in 2021.

Admittedly, the Department's plans are quite ambitious and are contingent on a return to some degree of normalcy as the world endeavours to gain control of the current pandemic and its effects on our lives. In this regard, the Utilities and Energy Department has strived to prepare a work plan that is not only conducive to the possibility of having to work remotely but flexible enough to allow our team to innovate and adapt as necessary to address any curveball that 2021 may toss our way.

- As the ECS continues its second decade of URCA's regulatory oversight, it faces the reality of an emerging digital landscape that will continue to influence rapid transformation within the sector. However, there is still the need for URCA to measure its impact on the sector and the extent to which the ECS is delivering on the objectives of the Communications Act and identifying the areas where further regulatory intervention is needed to enhance URCA's effectiveness.
- URCA's mission of *"improving lives through effective utilities regulation"* will once again serve as the catalyst for URCA's public education initiatives in 2021. Inadequate consumer education, a

lack of understanding of the complaints handling process, and the need for stakeholder engagements are among the responses URCA receives regarding its work and stakeholder understanding and appreciation of its mission. In 2021, URCA will explore new and innovative ways to engage with its stakeholders. URCA's intentional interaction with the public is crucial to its ability to improve the lives of its stakeholders. In 2021, URCA reiterates its 2020 strategy to significantly enhance its public education and awareness program to ensure that all stakeholders in The Bahamas are aware of URCA's ongoing work and how stakeholders can take advantage of and benefit from 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.

- URCA also renews its 2020 commitment to embark on a marketing initiative intended to strengthen URCA's brand identity across The Bahamas. URCA will invest in the creation of an URCA App, and a renewed focus on its digital presence, including its continued online engagements through webinars and other public education initiatives.
- Organisationally, URCA reaffirms its intention to 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 2021, the organisation will begin implementing 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 2021 KPIs.
- Also within the organisational sphere is the continuation of initiatives designed to ensure that URCA, as a people-centered organisation, optimises the effectiveness and engagement of its staff. That focus on the people is endorsed by the organization's departmental structural adjustment that separates Human Resources and Administration. Human Resources and Learning is the new department that will focus on ensuring that URCA evolves into a people-centered

organization. To that end, we will continue to the Culture Renewal process commenced in 2019 and begin implementation of our new Learning and Development curriculum.

- Records Management is extremely important to the organization's ability to efficiently research required information and remove the need for the individual creation of filing systems and archives. In 2021, URCA will provide focused attention to the implementation of its online digital records management system. Emphasis will be placed on the regulatory departments in year one.

3.2 Key Projects for 2021

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

3.2.1 2020 Projects Carried Over

The following Tier I projects, scheduled for completion in 2020, has been delayed beyond the anticipated completion date or were scheduled as multi-year projects and will be carried over from 2020 into the 2021 Annual Plan:

- Review of Universal Service Framework
- Framework for Public Service Broadcasting
- ECS Comprehensive Market Surveys
- Mobile Assessment – Feasibility of a 3rd Operator
- Review of Mobile Services
- Review of Fixed services including Pay TV
- Review of Spectrum Management
- Review of Monitoring and Compliance

The following further Tier I projects were scheduled as multi-year projects and will also be carried over from 2020 into the 2021 Annual Plan:

- SSRG Advancement Program
- Promotion of Energy Efficiency and Conservation

3.2.2 Tier I Projects

During 2021, URCA expects to work on and complete the projects listed in Table 3:

Table 3 – 2021 Tier I Projects

Project	Start Period	End Period
General Projects		
Implementation of URCA OPIs	T1, 2020	T3, 2021
Market and Consumer Protection Surveys	T3, 2020	T3, 2021
URCA 2021 Annual Plan	T3, 2020	T3, 2020
Electronic Communications Sector Projects		
ECS Comprehensive Market Surveys	T1, 2017	T3, 2021
Mobile Assessment – Feasibility of a 3 rd Operator	T1, 2021	T2, 2021
Market Review – Mobile Services	T1, 2019	T3, 2021
Review of Spectrum Management	T1, 2020	T3, 2021
Review of Monitoring and Compliance	T1, 2020	T2, 2021
ECS Market Surveys	T1, 2017	T3, 2021
ICTs for Persons with Disabilities	T2, 2018	T2, 2021
CBL Repackagng Application	T1, 2021	T1, 2021
Electricity Sector Projects		

Project	Start Period	End Period
SSRG Advancement Program	T1, 2018	Ongoing
Promotion of Energy Efficiency and Conservation	T2, 2019	Ongoing
Establishment of ADR Scheme(s) for the ES	T1, 2019	T1, 2021
Electricity Sector Framework Development		
Technical Standards for the Electricity Sector	T1, 2021	T2, 2021
Consultation Procedures (w/ consideration of the ES)	T1, 2021	T2, 2021
Competition Guidelines for the ES	T2, 2021	T3, 2021
Guidelines on the Assessment of Fines for Breaches	T2, 2021	T3, 2021
Licensees Annual Plant & Operations Inspections	T2, 2021	T3, 2021
Renewable Energy Progression / Advancement Program		
Utility Scale Development Regulations	T1, 2021	T3, 2021
Battery Storage Integration	T3, 2021	T1, 2022
Guidelines for Regulatory Accounting	T2, 2021	T1, 2022

A description of Tier I projects that URCA will commence in 2021 is set out below. Where a project was commenced in 2020 or earlier, the descriptions are available in the 2020 Annual Plan.

General Projects

Draft Annual Plan 2022

During October through November 2021, URCA will commence work on its draft Annual Plan for 2022 to ensure publication for consultation before the end of 2021 as required by the URCA Act.

Electronic Communications Sector Projects

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 ten 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.

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.

Market Review of Mobile Services

In 2020, URCA began work on its first Market Review of Mobile Services since the liberalisation of the sector in 2016. However, the review required market information that could only be sourced through survey reports that could not be executed during 2020, as a result, of the Covid-19 Pandemic. This review will include examining the wholesale market for call origination and termination and reviewing whether any of the operators have Significant Market Power. This workstream will continue in 2021 as a Tier 1 project.

ECS Market Surveys (Pay TV and FM Broadcasting)

URCA carried out significant internal preparatory work to advance this project and conduct surveys of the Pay TV and FM Broadcasting markets in The Bahamas. This project would have entailed URCA engaging an experienced external consultant to, *inter alia*, conduct public surveys to obtain empirical data that can provide representative parameters on the listening and watching habits of consumers and their opinions

on the quality of available services and programming provided to consumers over Pay TV and Radio in The Bahamas. Despite URCA's best efforts to advance and complete this project in 2020, the public health restrictions imposed by the Government of The Bahamas in 2020 consequential to the COVID-19 Pandemic prohibited URCA from completing this project. In 2021, URCA has categorized this as a Tier 1 project and will be guided by the public health protocols in order to responsibly and safely engage with members of the public to complete the surveys of the Pay TV and FM Broadcasting markets in The Bahamas.

Spectrum Management Project

URCA is cognisant that spectrum management is one of its primary obligations and that the planning, allocation/assignment, monitoring, and inspection functions are essential to the overall objective of optimising the use of the radiofrequency spectrum. Hence, URCA launched the Review of Spectrum Management in trimester 1 of 2020. The project is a three-phase, multi-year initiative that includes a comprehensive review of URCA's spectrum management functions and resources. Phase 1 of the Spectrum Management project involved restoring the functional and operational status of the Elizabeth Estate Spectrum Monitoring Site. URCA completed Phase 1 of the project in December 2020 and will commence work on Phases two and three in early 2021.

Monitoring and Compliance

In 2021, URCA will conduct a comprehensive review of the monitoring and compliance processes to determine and identify measures to strengthen these regulatory functions. This review will begin with a compliance analysis of the radiocommunication equipment of Spectrum Licensees throughout The Bahamas and expand to monitor the compliance of Licensees with other regulatory measures.

ICTs for Persons with Disabilities

Persons with disabilities represent a growing community of residents in The Bahamas with limited or no access to telecommunications services. Advancements in technology are creating new opportunities for affordable access to services. Still, it requires intentional leadership to ensure that vulnerable consumers with specialised needs receive every opportunity to access services that can potentially improve the quality of their lives. URCA included this project as a priority in consecutive years (2019 & 2020) with limited progress. URCA has deferred this project to 2021 as a Tier 1 Project.

CBL Repackaging Application

In November 2020, CBL submitted an application to URCA requesting approval for the repackaging of its RevTV service. URCA believes the repackaging application will be of significant interest to Pay TV consumers in The Bahamas. Therefore, prior to deciding on the application, URCA will conduct a public consultation to allow consumers a reasonable opportunity to comment on the proposed decision. URCA will conduct the public consultation on this matter during the first trimester of 2021.

Electricity Sector Projects

ELECTRICITY SECTOR FRAMEWORK DEVELOPMENT

Technical Standards for the Electricity Sector

In the investigation of several recent complaints, it became apparent that the standards in place prior to the enactment of the Electricity Act, 2015 were not saved or expressly incorporated in the new legislation. While it is held that these standards may still be relied upon based on the principles of implied terms in continuous contracts, the Department intends to incorporate and update as necessary those standards to eliminate any ambiguity that may exist as a result of the current state of affairs regarding the same.

Consultation Procedures (w/ consideration of the ES)

URCA has existing consultation procedures in the form of URCA 05/2017. While the existing consultation procedures were comprehensively developed to be broad enough to accommodate the anticipated expansion of URCA's remit, as the same were put forward for stakeholders' consideration prior to the regulation of the Electricity Sector commencing in earnest in 2017, it is deemed prudent to review and, if necessary, revise the existing procedures in consideration of the needs of the regulated sectors. It is noted that to date, the ES has adopted and conducted its consultation exercises in accordance with the existing procedures; however, in the spirit of transparency, it was deemed prudent to provide an opportunity for the Electricity Sector stakeholders to consider and provide any input deemed necessary with regard to the consultation process.

Competition Guidelines for the ES

While it is noted that the ES is currently comprised of monopolistic holdings, the EA, 2015 as constructed does allow for the unbundling of the industry and inherent competition. As at least one of the major PESLs in the country is actively considering a power purchase agreement and/or a possible merger, the ES Department deems it necessary to establish the guidelines on the application of the competition and merger control provisions set out in Parts XI and XII of the Electricity Act at the earliest possible opportunity. It is for this reason that the development of the Competition Guidelines has been include in the 2021 proposed schedule of works.

Guidance on the Assessment of Fines for Breaches

In imposing financial penalties, URCA's objectives are generally two-fold; to impose fines that reflect the gravity of the infringement; and, to deter or disincentive certain acts and/or behaviours. In light of recent challenges to the application of fines in the ES, the Department deems it beneficial to issue guidance with respect to its powers under sections 63 and 72 of the EA. It is anticipated that such guidance will be similar in form and function to that present in ECS Comp. 8, which will foster consistency and certainty across the regulatory sectors.

Licensees Annual Plant & Operations Inspections

The Electricity Act, 2015 section 37(2)(n) stipulates that URCA shall:

engage inspectors as required, at the costs of the licensees, to conduct inspections of public electricity suppliers for compliance with the terms and conditions of their licenses.

While section 32 of the EA speaks specifically to an "annual" inspection of public electricity suppliers in the Family Islands, it goes even further to outline those aspects of the licensees' plants and operations that should be inspected. In this regard, the need exists for the framework for such inspections to be established in order to ensure compliance with the statutory requirements, as well as certainty, clarity, and fairness in the process.

The UE Department anticipates the production of a set of guidelines that will outline various aspects of such inspections, including, inter alia, the following:

- rights of entry and inspection;

- verification of the use of materials for which customs duties exemption or refunds have been given;
- safety measures and safeguards compliance;
- accounting and maintenance records; and
- general housekeeping.

Renewable Energy Progression / Advancement Program

One of our key responsibilities at URCA is to promote increased use of Renewable Energy in The Bahamas. In keeping with that responsibility, the UE Department proposes the continued promotion of the operationalized Small Scale Renewable Generation and Renewable Energy Self Generation programs (See 3.2.1 above), and the development of regulations to address Utility Scale Renewable Generation, which is viewed as the next phase in the suite of programs. In addition to the aforementioned phases, there is also a need to address the integration of complementary emerging technologies such as Battery Storage.

Utility Scale Development Regulations

The development of regulations to accommodate the integration of Utility Scale Renewable Generation (USRG) into the electricity sector is the next step in URCA’s rollout of BPL’s Renewable Energy Plan; however, similar provisions, albeit appropriately scaled, will be required for other licensees in the sector. In this regard, the UE Department proposes the development of guidelines to facilitate the USRG in the respective utilities’ network.

URCA’s review and assessment of BPL’s and others’ REP submissions are guided by the requirements of Section 25 and Section 26 of the EA. Section 25(3)(a) of the EA requires BPL to:

include a provision for facilitating persons, including public electricity suppliers, to apply to URCA to be licensed as independent power producers to participate in utility electricity generation to the relevant grid using renewable energy resources and technologies.

While section 26 of the EA requires a PES to submit a competitive procurement process for URCA’s approval, it is envisioned the proposed USRG guidelines would bring a degree of certainty to the determination, procurement, and where necessary Power Purchase Agreement (PPA) processes. Section 26(3) charges URCA to ensure that a competitive procurement process is “designed to attain and promote the electricity sector policy objectives and national energy policy goals.”

Battery Storage Integration

Section 25(3)(d) states that a PES' REP should include:

provisions to ensure the reliability of intermittent resources, taking into account the availability of cost-effective storage technologies.

Given the increased potential for intermittent resources to adversely impact grid stability when implemented on a Utility Scale basis, it is envisioned that rules and/or regulations pertaining to complementary battery storage and/or spinning reserves may also be required as the suite of Renewable Generation programs advances and matures.

Guidelines for Regulatory Accounting

Condition 54 of the Public Electricity Supplier Licence requires the licensee to maintain separated accounts for generation, transmission, distribution, and supply services. The main aim of accounting separation is to increase the amount of information available to the regulator. URCA will be able to examine generation, transmission, distribution, and supply as if they were two separate businesses while allowing the PESL to remain vertically integrated.

A licensee's operating licence embodies three principles which are the basis that should form the regulatory accounting framework, namely:

- the licensee is obliged to purchase its inputs economically, that is, whenever possible.
- the licensee must purchase inputs at a fair and reasonable market price.
- there should be a prohibition on anti-competitive behaviour including subsidies between a licensee and associated parties

To ensure these requirements are met, a licensee will be required to adopt rules for completing the regulatory accounts for submission to URCA.

3.2.3 Tier II Projects

The projects set out in this section are those which URCA intends to work on during 2021. URCA considers these projects to be of significant importance to the organisation or the regulated sectors. Hence, URCA will endeavour to complete these projects in the shortest possible timeframe.

Table 4 – 2021 Tier II Projects

Project	Start Period	End Period
General Projects		
Normal Implementation of URCA OPIs	T1, 2020	2022
Normal Market and Consumer Protection Surveys	T1, 2021	T3, 2021
Electronic Communications Sector Projects		
Market Review – Fixed Services (Incl. Pay TV)	T3, 2019	2022
Review of Universal Service Framework	T1, 2021	T3, 2023
Framework for Public Service Broadcasting	T1, 2019	T3, 2022
Electricity Sector Projects		
Efficiency Study/Audit	T3, 2021	T2, 2022
Promotion of BPL’s Consumer Protection Plan & ES Consumer Protection Regulations	T1, 2021	T3, 2021

General Projects

Implementation of URCA OPIs

In 2020, URCA committed to initiating the phased implementation of its Organisational Performance Indexes (OPI) as an initial step toward the achievement of URCA’s strategic objective to establish more appropriate and meaningful methods of measuring its performance. Work on the implementation of the OPIs began with the development of the OPI Implementation Plan and the publication of the consultation document on the proposed Addendum to the *Market Information Reporting Requirements for Specified Licensees in the Electronic Communications Sector* (ECS 16/2020). URCA anticipates initiating a phased implementation in 2021, with full implementation scheduled for 2022.

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

Market Review – Fixed Services (Incl. Pay TV)

The Market Review – Fixed Services (Incl. pay-TV) is another carry-over project from 2020. URCA carried out significant internal preparatory work to advance this project and conduct surveys of the Pay TV and FM Broadcasting markets in The Bahamas. This project would have entailed URCA engaging an experienced external consultant to, *inter alia*, conduct public surveys to obtain empirical data that can provide representative parameters on the listening and watching habits of consumers and their opinions on the quality of available services and programming provided to consumers over Pay TV and Radio in The Bahamas. Despite URCA's best efforts to advance and complete this project in 2020, the public health restrictions imposed by the Government of The Bahamas in 2020 consequential to the COVID-19 Pandemic prohibited URCA from completing this project. In 2021, URCA will categorize this as a Tier 1 project and will be guided by the public health protocols in order to responsibly and safely engage with members of the public to complete the surveys of the Pay TV and FM Broadcasting markets in The Bahamas.

Review of Universal Service Framework

This review is to give effect to the revised universal service obligations 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 USO that is not subject to revisions – multi-channel television services, public payphones, and voice telephony access. URCA proposes to commence the review this year and to complete the entire exercise over a three-year period.

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 2021 as a Tier I project, with completion anticipated in T3 2022.

Electricity Sector Projects

Efficiency Study/Audit

Management and operational audits are best viewed as a diagnostic examination of how well an organization is being managed and operated. In recent years BPL has been faced with problems across the full range of its Generation, Transmission, Distribution, and Supply (GTDS) services, which have resulted in diminished quality of services, increased costs, and overall value for money concerns. In this regard, URCA proposes to conduct an Efficiency Study for BPL, and in doing so, to develop a tool or procedure that would facilitate similar audits of BPL and other licensees going forward.

The primary objective of the Efficiency Study/Audit would be to provide comprehensive and objective insights into how the utility operates, highlight any adverse performance consequences of its current approaches and practices, and to inform the “efficiently incurred costs” analysis envisioned by the EA with regard to tariff reviews. The Audit should clearly delineate the areas that are well managed and those where there are opportunities for improvements. Additionally, the proposed audit should also gather and evaluate the baseline data and information that will be used to measure performance improvements in

future years and to facilitate benchmarking against utilities of similar characteristics and the industry's Best Practices.

It is proposed that the Audit will examine practices and processes in the areas such as corporate governance, operations management, financial management, debt and asset management, human resources, and to the extent that they exist, related party transactions. The Audit is expected to evaluate the extent to which there are opportunities for fundamental improvement in the business of the company to the benefit of all stakeholders.

Promotion of BPL's Consumer Protection Plan & ES Consumer Protection Regulations

BPL's Consumer Protection Plan was finalized in T3 2019; therefore, in accordance with section 40 of the Electricity Act, there is a need to promote or ensure that the public is aware of BPL's CPP if it is to be implemented and enforced effectively.

The ES Consumer Protection Regulations, which sets the minimum requirements for all public electricity suppliers, were developed in T3 2020 and will also require promotion. As this document and BPL's CPP complement each other, it is envisioned that the promotion of the same will take the form of a joint campaign.

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 efficiency objectives of the sectors that we regulate, as well as sustainability goals in general. It is noted that while there was not much advancement on URCA's internal green projects for 2020 due to the time spent away from our offices, anecdotally, the introduction of the remote working procedure has yielded significant benefits in terms of workforce productivity and a reduction in the production of greenhouse gases as a result of minimal travel requirements for our team members.

Notwithstanding the above, we will continue our initiatives to make our workspace more environmentally friendly and safe for our employees as we adapt to incorporate emerging health and safety protocols. In

this regard, the two major projects planned for 2021 will be carryovers as they stem from multiyear initiatives, which were disrupted during the events of 2020. It is envisioned that both the Car Park Solar Array Project and the Frederick House Refurbishment Project will go a long way towards demonstrating URCA's commitment to optimizing the uses of its resources for the betterment of all stakeholders. A brief status update with regard to each project is provided below:

Car Park Solar Array Project

The Car Park Solar Array Project (CPSA) will consist of the installation of approximately 52kW of grid-tied renewable energy at URCA's offices and was scheduled for completion in T1, 2020. Unfortunately, as this project requires the erection of a structure that entails town planning approvals and physical construction, both of which experienced significant disruption during the curfew periods in 2020, the CPSA project has been pushed to T1, 2021. However, the project delay has not been all bad news, as the same has now resulted in more efficient inverter technology being made available to the project at no additional course, which will result in enhanced energy production and an inherent greater return on investment. It is also noted that this project includes an Electric Vehicle charging station, which is a prelude of things to come in URCA's go green crusade.

Frederick House Refurbishment Project

In an effort to reduce its operating costs over time, in 2016, the Authority purchased and commenced the refurbishment of its current offices, Frederick House, at Frederick St. in the downtown area of New Providence. In keeping with that initiative, the first two floors of the building were renovated to meet the Authority's immediate needs, with plans to remodel the remaining floors thereafter. As our team has settled into the existing space and continues to grow to meet the needs of the sectors that we serve, the time has come for us to prepare the remainder of the premises to make the most efficient use of the premises. Additionally, the events of the last year have resulted in emerging protocols with regard to social distancing and other workspace requirements, which, if we are to comply with, will require consideration of our use of the remaining floors in short order.

In this regard, refurbishment works to prepare the shell of the two upper floors and to remediate a few post-purchase discovered defects have been included in the Special Projects component of the 2021 work plan. It is noted that to ensure that the Authority continues to receive value for its investment in the Frederick House property and its surrounds, a civil engineering firm was engaged to provide a

comprehensive assessment and proposed solution with regard to the recently discovered latent defects, and that firm is scheduled to provide project management services for the necessary works. It is envisioned that by mid-2021, the Authority will have an additional 10,000 sq. ft. of space suitable to be outfitted for self-occupation or in tenantable condition.

3.2.5 Public Awareness Activities

In 2019, URCA re-establishing its legislative obligation outlined in the Comms Act 2009 and the EA 2015 to regulate both sectors, embarked on an initiative to provide greater focus and attention on Grand Bahama and the Family Islands. URCA initiated a consistent Pop-Up Office and Town Meeting concept in 2019 and intended an expansion to monthly trips to different islands in 2020. As articulated in the 2020 Annual Plan, URCA committed to its mandate to protect and educate consumers and the general public, educating and informing the public about its work, and demonstrating a commitment to its mission, “Improving lives through effective utilities regulation”. In 2021, URCA will work to ensure that through its public awareness initiatives and its work in regulating the sectors, residents throughout the archipelago develop a clear understanding of and appreciation for the impact of URCA’s work and how it improves the quality of their lives.

URCA re-emphasises the value of its OPI project work, which, as articulated in the 2020 Plan, will result in URCA implementing “a more strategic approach to educational activities, aligning such initiatives with the development and implementation of regulatory measures in both sectors.”

Emerging technologies and the use of ICTs to facilitate face-to-face interactions in 2020 remains a critical feature of communications as we move into 2021. While we grapple with the possibilities of the future, URCA will continue the use of virtual communications applications as a critical platform to reach individuals and audiences across the country with a view to creating a more enlightened and informed public. URCA will renew its efforts to encourage greater participation in its consultation process. URCA recognises the need for a deeper engagement with ALL of its stakeholders, including the public, and reaffirms its commitment to exploring the expanded use of the digital platform to encourage public engagement with URCA and increase stakeholder involvement in the regulatory process.

In 2020, while URCA intended to continue its face-to-face public engagement series, inclusive of URCA’s ‘Unplugged’ and ‘URCA Connects’ initiatives, the circumstances did not lend to the traditional execution

of these initiatives. However, the experiences of our digital engagements introduced new possibilities for 2021 and beyond. While the uncertainty of face-to-face communication continues, URCA will develop a virtual strategy incorporating its social media platforms and other virtual communications applications to establish an engaging and consistent digital presence. URCA will review its Pop-Up Offices concept in the context of a regulatory mission-driven approach with structured plans and anticipated outcomes. This new approach will also consider previous objectives and will conduct feasibility studies to provide a more realistic understanding of the various family island markets and their issues.

In 2020, URCA continued and expanded its outreach activities. In addition to the observance of ITU's International Girls in ICT Day, URCA introduced a webinar that addressed "ICTs for Seniors" and observed Cybersecurity Day with an online session on cybersecurity. These initiatives will continue in 2021.

3.2.6 Other Ongoing Activities

In addition to the projects and initiatives that URCA has outlined above, there are additional activities that URCA is obliged to undertake in the fulfilment of its responsibilities under the 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 the impact and to address any need to reschedule projects to accommodate unforeseen work.

3.2.7 2021 Consultation Timelines

While URCA will carry out several activities during 2021, 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 2021, including anticipated publication dates.

Table 5 - 2020 Consultation Schedule

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
CBL Repacking Application	T1, 2021	T1, 2021
ICTs for Persons with Disabilities	T2, 2021	T3, 2021
Mobile Assessment – Feasibility of a 3 rd Operator	T2, 2021	T3, 2021
Establishment of ADR Scheme(s) for the ES	T1, 2019	T1, 2021
Electricity Sector Framework Development		
Technical Standards for the Electricity Sector	T1, 2021	T2, 2021
Consultation Procedures (w/ consideration of the ES)	T1, 2021	T2, 2021
Competition Guidelines for the ES	T2, 2021	T3, 2021
Guidance on the Assessment of Fines for Breaches	T2, 2021	T3, 2021
Licensees Annual Plant & Operations Inspections	T2, 2021	T3, 2021
Utility Scale Development Regulations	T1, 2021	T3, 2021

4. Evaluating Our Effectiveness

4.1 Transition to URCA’s Organisational Performance Indicators (OPI)

Having completed the OPI Implementation Plan in 2020, URCA will begin the implementation of the OPIs in 2021. This two-year process 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 against four strategic imperatives, including learning and growth, internal processes, stakeholder involvement, and industry impact. To implement the Strategic OPIs, URCA will need to perform a more comprehensive assessment of the regulated sectors. 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 the 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 effect 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, External Engagement and Organizational 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 2021

Pending completion of the OPI implementation process, in 2021 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 2021 will be tabulated and included in URCA’s 2020 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 2021.

Table 6 - 2021 Performance Indicators

Statutory/Regulatory	Finance	HR	IT
Draft Annual Plan & Strategy published before the end of the financial year	Cost of the Finance function as a percentage of total operating expenditure	Cost of the 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 four 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 the closing date for comments on Preliminary Determination	Forecasting accuracy	The 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 the period stated in the Annual Plan	Cost of Licensee invoicing	Average days for the full-time employee per year invested in learning and development	
Time to publish results, decisions, and other regulatory measures after the close of consultation: 45-60 days 60-90 days >90 days	Debtor Days	Cost of learning and development activity as a percentage of total payroll	
<u>Consumer Complaints</u> Number of complaints received Percentage of total complaints resolved Complaints unresolved for >60days and the average time taken to resolve complaints	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	

<p>Licenses issued within: 30 days - individual licences 45 days - class licences The volume of licences processed in the year</p>	<p>Long outstanding debt (>90 days) as a percentage of total debt</p>	<p>Percentage of roles filled by permanent and contract staff</p>	
		<p>Average lapse time (working days) from vacancy/advertisement occurring to the acceptance of an offer for the same post</p>	
		<p>Percentage of people in the role after 12 months of service</p>	
		<p>The percentage of employees who left the organisation during the year</p>	

5. URCA’s Draft Budget 2021

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 a full accounting of its activities as required by Section 41(1)(b) of the URCA Act.

URCA’s draft 2021 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, 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 2021

Category	2019	2020	2021
Staff Costs	2,139,810	2,395,531	2,550,296
Non-Executive Compensation	226,400	218,020	184,000
Executive Compensation	514,128	528,543	444,685
Professional Services	1,077,000	857,000	882,000
Conferences, Training, and Travel	513,130	569,248	12,680
Premises Costs and Utilities	483,840	478,485	372,500
Consumer Education and Public Relations	214,600	320,250	273,000
Office Services	308,591	323,505	167,300
Information Technology	155,500	173,325	224,000
General and Administrative Expenses	482,495	349,250	754,301
Total Operations Expenditure (OPEX)	6,115,493	6,213,157	5,920,762
Depreciation	538,981	304,814	296,835
Total Operating Budget Recovered through URCA fees	6,654,477	6,517,971	6,217,597
Capital Expenditure	758,000	679,600	675,500

Overall, URCA's proposes a decrease in its operating budget (excluding depreciation) for 2021 by approximately 5% compared to 2020. Some of the key changes are explained in the following:

- In 2020 URCA's staff grew by one to 30 at the end of the year. In 2021 URCA is seeking to achieve a further 23% increase in its staff complement, growing from 30 to 37 staff. As a result, URCA's Staff Costs are projected to increase by 6%, reflecting continued efforts to adequately staff the organization in order to ensure that the sectors are properly regulated.
- Budgeted spending on Professional Services in 2021 will increase by 3% year over year whilst remaining steady at 14% of the 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 2021.
- Spending on Conferences, Training, and Travel will decrease significantly by 98% due to residual budget allocation from Budget 2020 notwithstanding renewed regulatory monitoring across The Bahamas and the implementation of Pop-Up Offices during late 2021 in specified Family Islands.
- Consumer Education and Public Relations expenditure will increase by 15% due to increase efforts to educate the consumer through increased digital presence and other new marketing and media initiatives.
- 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 increased from 6% to 13% of total operating expenses, are expected to increase significantly over last year by 115% due to the 2021 budget allocation for bad debt resulting from the fines issued in 2020, which are currently under Tribunal review.
- URCA's Capital Expenditure budget is proposed to remain level year over year as major capital projects planned in previous years that included URCA's Solar Canopy installation, Frederick House media upgrades, and renovation of upper floors and exterior continue into the new budget year.

5.2 Electronic Communications Sector Budget 2021

Table 8 shows a summary of URCA’s draft 2021 budget for its regulatory activities in the ECS, as compared with its budget for the preceding two years.

Table 8 - ECS draft Budget 2021

Category	2019	2020	2021
Staff Costs	1,395,371	1,394,537	1,469,689
Non-Executive Compensation	181,120	174,416	110,400
Executive Compensation	229,333	258,258	201,049
Professional Services	688,250	746,750	503,250
Conferences, Training, and Travel	414,080	384,948	36,935
Premises Costs and Utilities	372,065	311,016	265,425
Consumer Education and Public Relations	189,680	160,125	144,000
Office Services	221,643	249,629	131,975
Information Technology	124,400	121,328	179,200
General and Administrative Expenses	419,049	288,088	317,487
Total Operations Expenditure (OPEX)	4,234,991	4,089,093	3,359,410
Depreciation	448,928	250,595	243,809
Total Operating Budget Recovered through URCA fees	4,683,919	4,339,688	3,603,219
Capital Expenditure	487,200	577,660	574,175

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 2021 by 17% 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 2021 and ensuring sustainable human resources through effective succession planning and continued efforts to cross-train professional staff in both sectors.
- Professional services expenditure is anticipated to decrease by 33% due to a significant amount of carryover of the previous year's budget allocation associated with regulatory projects extending into 2021, including scheduled market reviews and litigation related to the ECS.
- Conferences, training, and travel costs are budgeted to decrease by 90% due to carryover budget allocation and due to travel restrictions until mid-2021. Notwithstanding the aforementioned, there is a continued commitment to develop and upskill our staff through the development of an internal curriculum, online training, and participation in regional regulatory workshops and conferences.
- Consumer Education and Public Relations are anticipated to decrease by 10%; there will be a continued emphasis on educating and informing consumers on the regulatory regime in the ECS, continued innovative 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 increases by 48% due to continued reliance on and upgrade of technology, including LAN maintenance, cloud backup monitoring, and a gradual shift to software/cloud-based productivity software.

5.3 Electricity Sector Budget 2021

Table 9 provides a summary of URCA’s draft 2021 budget for its regulatory activities in the ES, as compared with its budget for the preceding two years.

Table 9 - ES draft Budget 2021

Category	2019	2020	2021
Staff Costs	744,438	1,000,994	1,080,608
Non-Executive Compensation	45,280	43,604	73,600
Executive Compensation	284,795	270,285	243,635
Professional Services	388,750	110,250	378,750
Conferences, Training, and Travel	99,050	184,300	31,744
Premises Costs and Utilities	111,775	167,471	107,075
Consumer Education and Public Relations	24,920	160,125	129,000
Office Services	86,948	73,876	35,325
Information Technology	31,100	51,998	44,800
General and Administrative Expenses	63,446	61,163	436,816
Total Operations Expenditure (OPEX)	1,880,502	2,124,064	2,561,353
Depreciation	90,056	54,219	53,025
Total Operating Budget Recovered through URCA fees	1,970,557	2,178,283	2,614,378
Capital Expenditure	98,260	270,800	101,325

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

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to increase in 2021 by 16% when compared to the prior year due to continued emphasis on ensuring that the regulatory mandate of the Utilities and Energy sector is adequately addressed.
- Staff Costs is anticipated to slightly increase (by 8%) as the human resource element in the Utilities and Energy Department has been enhanced to ensure appropriate oversight of the ES.

- Professional services expenditure is anticipated to increase significantly by 243% due to the budget allocations for the litigation and appeals that continue to engage URCA's resources in addition to regulatory studies and reviews.
- Conferences, training, and travel costs are budgeted to decrease due to residual budget allocation from 2020 that offset the cost of staff development through training and participation in regional regulatory workshops and conferences.
- Consumer Education and Public Relations are 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, community outreach, and the utilizing of other advertising media.
- General and administrative costs have significantly increased in 2021 due to the provisioning for bad debt fines that were assessed in the sector. These assessments are currently being reviewed at the Tribunal.