



# **The Utilities Regulation and Competition Authority Consultation on Liquefied Natural Gas Transfer Operations Regulations**

## **STATEMENT OF RESULTS & DECISION**

**NGS 02/2025**

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# 1 Introduction

The Utilities Regulation and Competition Authority (URCA) is the independent regulatory for the Natural Gas Sector (NGS) in The Bahamas. URCA is responsible for licensing NGS activities in The Bahamas in addition to issuing regulations and guidelines that aim to promote the development and functioning of a safe and reliable natural gas system in The Bahamas. URCA regulates the NGS through the Natural Gas Act, 2024 (NGA) which sets out, inter alia, URCA's powers and obligations in relation to the NGS.

The NGS is a relatively new regulated sector within The Bahamas, with the enabling NGA having come into force on 1 June 2024. In this regard, considering the introduction of this new sector into URCA's regulatory remit, URCA deemed it necessary to develop an initial compendium of regulatory measures inclusive of licenses, regulations and codes that would compose an initial framework for the regulation of the NGS. This compendium of regulatory measures was consulted on, finalised and issued by URCA and came into force on 30 September 2024. Included in these regulatory measures were the Liquefied Natural Gas Ship-to-Ship Handling Operations Regulations (NGS 15/2024) which governed Ship-to-Ship transfers of Natural Gas.

In developing the compendium of regulatory measures issued on 30 September 2024, URCA in its consultation on those measures (NGS 1/2024) indicated that the framework developed represented the initial measures taken to regulate the NGS and URCA further confirmed that it would update and modify these measures from time to time to take account of best practices and comments received from interested parties. In this regard, URCA has considered the operation of the Ship-to-Ship Handling Operations Regulations and has identified areas for improvement aimed to streamlining the processing of transfer operations and clarifying the scope of the regulation with aim to improving regulatory certainty.

On 28 March 2025, URCA issued a Consultation document (NGS 01/2024) on the proposed issuance of its Transfer Operations Regulations which are intended to replace its Ship-to-Ship Transfer Regulations. The closing date for responses was 28 April 2025. URCA received comments from Shell North America LNG (SNALNG).

In accordance with the Natural Gas Act, URCA issues this Statement of Results and Final Decision containing a summary of the feedback received during the consultation, URCA's response to the feedback and URCA's final decision. The Statement of Results and Final Decision will be published along with the updated and finalised regulations reflecting the confirmed changes.

The updated regulations will be cited as the 'Liquefied Natural Gas Transfer Operation Regulations, 2025' to reflect the applicable sector and publication year. URCA reserves the right to update these Regulations from time to time to take into account best practices and to reflect developments in the industry.

## 1.1 Structure of the remainder of this document

The remainder of this consultation document is structured as follows:

- Section 2: Outlines the legal basis and framework under which URCA has revised the regulatory measures;
- Section 3: Provides a high-level overview of the regulatory measure;
- Section 4: Sets out the comments and responses received;
- Section 5: Describes URCA's "next steps" having considered the recommendations and comments received.

## **2 Legal Framework**

The NGA designates URCA as the sector NGS regulator and charges URCA with the general administration of the NGA. As a statutory body, URCA must exercise this regulatory function within the remit of and consistent with the functions, powers, obligations and duties set out in the NGA. This section, accordingly, sets out the legal basis on which URCA is proposing to issue the regulatory measures under consultation.

The NGA in section 5 sets out that the main goal of the NGS is the creation of a regime for the supply of the safe, least cost, reliable and environmentally friendlier gas throughout The Bahamas.

The proposed Liquefied Natural Gas Transfer Operations Regulation is a regulatory measure proposed to be in the form of a binding issued regulation that governs Natural Gas Transfer Operations and includes a system of registration and proposes that fees be paid to URCA for certain NGS activities. In this regard, the NGA empowers URCA with inter alia the authority to issue regulations, directions, decisions, statements, instructions, and notifications under Section 8(3)(c) of the NGA. Section 123 of the NGA further authorizes URCA to prescribe regulations necessary for achieving the objectives of the NGA. These regulations have the force of law as stipulated in Section 8(4). Additionally, to the extent that the proposed regulatory measure proposes a system of registration, section 8(3)(d) NGA empowers URCA to issue regulatory and other measures, including without limitation, the publication and maintenance of registers or lists. Finally, URCA is further empowered under section 8(1)(a) to collect a fee for any natural gas sector activity that URCA deems necessary.

URCA considers that the cumulative effect of the cited provisions provides URCA with the legal basis of which to issue the regulatory measure.

### **2.1 URCA's statutory consideration**

URCA has a statutory obligation in accordance with section 6 of the NGA which mandates that when introducing regulatory or other measures, that they must be proportionate to their purpose and introduced in manner that is transparent, fair and non-discriminatory.

Further, regulatory and other measures must make best use of economic and other resources available to URCA and be calculated to promote any natural gas sector policy objectives as contained in the NGA. Moreover, when implementing all regulatory and other measures that introduce or amend a significant government policy or regulatory measure, URCA shall specify the gas sector policy objective that is advanced by the policy measure and demonstrate compliance with section 6(2) (a-c) NGA.

In evaluating the proposed regulatory measures contained in the Consultation Document, against the statutory requirements, URCA considers that the proposed action to be taken is made with a view to implementing the main goal and governing principles and policy objectives of the

NGS. Specifically, the regulatory measures introduce a needed regulatory framework in the NGS which compliments the interest of and affords opportunities from all stakeholders, honours contractual commitments and encourages investment in accordance with section 5(2)(k) NGA. Additionally, the regulatory measure contain several safety regimes that are necessary to encourage the protection of the natural environment of The Bahamas and safety of its citizens in accordance with section 5(2)((h) and (c).

### **3 Summary Overview of Liquefied Natural Gas Transfer Operations Regulations**

To guide the stakeholders' review of the regulatory documents, URCA sets out below a brief overview of the regulations.

The Liquefied Natural Gas Transfer Operations Regulations repeals and replaces the Natural Gas Ship-to-Ship Handling Operations Regulation (NGS 15/2024). As with the repealed regulation, the Liquefied Natural Gas Transfer Operations Regulation draws from international regulations and codes, in particular the US Code of Federal Regulations. Furthermore, it incorporates by reference the various international standards inclusive of the Ship-to-Ship transfer guide for Petroleum, Chemicals and Liquefied Gases, the ISO 20519:2021 Ships and marine technology – Specification for bunkering of liquefied natural gas fueled ships and the IGC Code.

The objective of these Regulations is to ensure the safe Transfer Operations, which unlike previous operations made provision for only ship-to-ship transfers, of LNG in bulk (lightering) and the transfer of LNG to be used as fuel (bunkering) in Bahamian waters. In this regard, these new regulations introduce greater clarity by distinguishing between two key types of LNG transfer operations: lightering, which as defined in the regulations refers to the transfer of natural gas except when intended for use as fuel, and bunkering, which as defined in the regulations involves the transfer of natural gas for fuel purposes. This differentiation allows for more specific guidelines and requirements tailored to each operation, improving operational transparency and regulatory certainty. In addition, the regulations include more comprehensive safety protocols for both lightering and bunkering activities, ensuring that these critical operations are conducted with robust safety measures in place. To further streamline the framework, certain protocols that were previously referenced but were not applicable to natural gas operations have been removed, making the regulations more relevant and focused.

The regulations also provide clear provisions regarding the fees associated with various LNG transfer activities. For added transparency, the fees are now explicitly outlined, and a mechanism for annual amendments to these fees is included, as set out in URCA's fee schedule. This will ensure that the fee structure remains adaptable to changes in operational costs and remains fair and competitive. Additionally, the regulations introduce new forms and processes for the registration of LNG transfer operations service providers. This aims to standardize and streamline the registration process, ensuring that operators meet the necessary qualifications and regulatory standards. The new registration requirements will help improve oversight and accountability, contributing to the overall consistency and safety of the LNG transfer industry.

These proposed changes are designed to create a safer, clearer, and more efficient regulatory environment for LNG transfer operations.

## 4 Summary of Comments Received and URCA’s Response/Final Decision

In this section, URCA summarizes the comments received during the consultation period from SNALNG and presents its responses and final decision.

Section	Shell's Comments	URCA's Response and Final Decision
Definitions	Bunkering definition refers to lubrication. LNG is not used for lubrication. Shell recommended the removal of lubrication throughout the document.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulation.
Definitions	The definition for LNG transfer from a facility to a ship is currently vague, especially when compared to clearer definitions for STS (ship-to-ship), TTS (terminal-to-ship), and PTS (port-to-ship) operations. It is recommended to either adopt a distinct definition such as "Facility-to-Ship (FTS)" or revise the existing PTS definition to clarify that transfers can occur in both directions—from ship to port and from port to ship.	URCA thanks Shell for its input and suggestions. Recommendation accepted, and adjustment made to the regulation to include a distinct definition for FTS.
Definitions	The definitions for "Service vessel," "SIMOPS" (Simultaneous Operations), and "Vessel to be lightered" lack clarity and may cause confusion.	URCA thanks Shell for its input and suggestions. Recommendation partially accepted; modifications made to definitions taking into consideration SGMF but also taking into consideration existing Bahamian regulations
8	Reference to SGMF for LNG bunkering is absent. Operational best practice such as SGMF's IAPH and JPO checklist are considered an industry standard.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
8	Recommend adding reference to the IGF standards.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulation.
8	Recommend adding reference to IAPH checklists and SGMF standards	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulation.
23	Clarification is being sought on whether an application must be submitted to URCA 96 hours prior to every LNG transfer operation. The question is whether this submission is a request for specific approval requiring a positive response from URCA each time, or simply a notification of intent to operate under an existing NGTO license linked to a particular NGTSP, with no response required. There is concern about the administrative burden if the process requires formal clearance for every individual NGTO operation.	URCA notes Shell's concern. URCA confirms that the 96-hour notification is required in relation to all NGTOs. URCA further notes that this is a function which is already carried out, with the same notification period, by the Port Department under the Merchen Shipping Ship-to-Ship Transfer Regulations as it relates to oil. Notwithstanding, URCA is cognizant of the concern in relation to bottlenecks. In balancing the safety

		concern with the regulatory burden, URCA has adjusted the regulation to include a provision that in the event that the Port Department does not respond to the pre-arrival notice that approval shall be deemed to have been provided.
23	Simplify terminology by replacing "NGTSP" with "LNG Supplier", and to avoid redundancy by referencing Form 1 for required details instead of restating them.	URCA thanks Shell for its input and suggestions. However, the recommendation is not accepted. The NGTSP can be (but is not necessarily) the operator or the supplier of LNG. If these two parties were always the same, then the recommendation would be accepted. However, because the regulations make provision for this function to be carried out by a 3rd party, the distinction is useful. No adjustment has been made to the regulations.
25	These safety requirements are typically validated through operator-led vetting programs like OCIMF's TMSA/SIRE, raising the question of whether URCA intends to audit these independently or simply verify that operators are following industry best practices. As noted in Section 27, OCIMF recommends impartial third-party inspections to maintain safety standards and avoid competitive bias.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
25h	There will never be any overboard discharge or sea suction valve connected to the LNG Transfer system or cargo tanks, per the IGC code. Suggest deleting.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
25j	LNG cargo transfer systems are always protected by thermal relief valves (TRVs) as required by the IGC Code. Additionally, EN 1474-2 mandates hose prototypes withstand a burst pressure over 5× MAWP. Clarification is needed on the origin of the 4× MAWP proof pressure requirement. It is recommended to simplify hose-related language and refer directly to relevant industry standards for hose design, maintenance, and testing.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
25k	Any connection made up for a transfer system, be it temporarily or permanent, should be fastened with suitable bolts in all holes of the flange, be of sufficient tensile strength for the application (per ANSI), and be evenly torqued.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
25o	Shell recommended deleting the requirement that drains and scruppers are closed by mechanical means during LNG transfers in accordance with industry best practice and simplifying language.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
29h	Recommend incorporating OCIMF competency requirements.	URCA thanks Shell for its input and

		suggestions. Recommendation accepted; adjustment made to the regulations.
29o	Risk Assessment. Appears that a HAZID and HAZOP are both required. Recommend changing requirement to require the completion of a bunkering risk assessment specific to the Bahamas locations where the bunkering will take place.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
31	Every 'Person' who intends to act as a NGTSP shall; Is URCA looking for all the details listed in section 31, for everyone who works for the NGTSP or is this for the bunker vessel operator and even then, is this for all the staff?	URCA notes Shell's concern, however, the definition section defines a NGTO as a company or organization. No adjustment required.
36d-e	Requiring mariners who are NFPA certified Marine Chemists is a showstopper for any operator.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
38	Shell suggested removing this section and adding language in PIC above section, stating that the PIC should have clear roles and responsibilities documented in the bunker vessels and RV SMS.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
41	Suggest adding language to above stating that each vessel should have their own PIC for each operation. Then remove section.	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
42	Declaration of inspection - Recommend following the IAPH checklists	URCA thanks Shell for its input and suggestions. Recommendation accepted; adjustment made to the regulations.
47	Language in relation to threatened escapes unclear, suggest deleting.	URCA thanks Shell for its input and suggestions. Recommendation partially accepted; modification made to language to cover a situation where there is a threat of escape to make duty clearer.
50	The need to wait for BPD approval for each and every transfer to be lodged at least 96hrs prior, and resubmit if the ETA shifts by 6 hrs, is likely to be a bottleneck	URCA notes Shell's concern. Firstly, as it relates to the initial 96-hour approval, in balancing the safety concern with the regulatory burden, URCA has adjusted the regulation to include a provision that in the event that the Port Department does not respond to the pre-arrival notice that approval shall be deemed to have been provided. Secondly, as it relates to the requirement to notify the port department in a change in ETA, URCA notes that under the regulations this is a notification requirement that does not require approval (although the Port Department may maintain the right to object to an ETA as required in managing

		the port area). Accordingly, no adjustment required in relation to the 6hour notification requirement.
51	Recommend updating FORM 3 and then simply state that FORM 3 shall be completed and shared with the appropriate authority at least 96 hours before the planned operation	Recommendation accepted; adjustment made
51 d, c and k	Recommend clarifying registration, partner, operation plan terms used within these sections. Alternatively, to the extent that not required recommend deleting.	Recommendation accepted; adjustment made
60	Potential jail time for violations seems extreme	Comment noted, these are statutory offences. Recommendation not accepted.
General	Throughout document there is reference to 'Natural Gas', recommend that this be changed to LNG as the gas is in liquid form and not in gas form.	Based on the definition of natural gas in the definition section, and in accordance with natural gas as defined under the Natural Gas Act, the word natural gas includes LNG. Recommendation not accepted.
General	The document be reformatted and organised and laid out in the following manner: permit/licensing requirements, pre-bunkering, bunkering operations and emergency preparedness.	URCA thanks Shell for its insight. The recommended format is noted, however the contents of the recommended format are not reflective of the content of the Transfer Operations Regulations. The recommended format does not make provision for the second type of transfer operations, namely, lightering. Additionally, the recommended format makes references to licensing which is not a part of the Transfer Operations Regulations. Finally, it is noted that the regulations have been benchmarked not only against international standards but also existing local drafting and regulations in other regulated areas (see for comparison the STS Regulations under the Merchant Shipping Act). The recommended format is therefore not fit for purpose, however suggestions have been taken into consideration to make the overall regulations more user friendly.
General	There are no provisions for extended discharges (i.e. as we plan to do for Phase 1 at NPG). The way it is currently written we may be liable for a new fee every time we disconnect the vessel for weather, other vessel traffic, adjusting mooring lines, etc. Suggest including a statement on how discharges lasting longer than 3 days will be managed.	URCA thanks Shell for its feedback. URCA notes that in accordance with the definition section, a 'Transfer' is deemed to have ended when all the connections for the transfer have been uncoupled and secured with blanks or other closure devices and both of the persons in charge have completed the declaration of inspection to include the date and time the transfer was complete.

		<p>Therefore, URCA considers that having regard to this definition, the concern about a temporary disconnection requiring a new permit does not arise. However, for the avoidance of doubt, URCA has included language in the definition of transfer which apply generally to all transfers.</p>
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## **5 Conclusion and ‘Next Steps’**

Having considered the responses to the Consultation Document, as detailed in this Statement of Results and Final Decision, URCA has published the revised and finalised Regulations in NGS 03/2025.

URCA will periodically review these Regulations to ensure that they remain effective, relevant, and fit for purpose. Where, in URCA’s view, amendments to the Regulations are necessary, URCA will invite comments from all relevant stakeholders in accordance with the provisions of the Natural Gas Act and the URCA Act.