



The Utilities Regulation and Competition Authority supplementary licences for the Natural Gas Sector in The Bahamas

Consultation Document

NGS 06/2025

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1 Introduction

The Natural Gas Act, 2024 (NGA) came into the force on 1 June 2024. The NGA established the Utilities Regulation and Competition Authority (URCA) as the independent regulator of the natural gas sector (NGS) in The Bahamas and provides a statutory framework for the introduction of natural gas into the energy mix of The Bahamas.

As the independent regulator of the NGS, URCA is responsible for, *inter alia*, developing the regulatory framework for the effective and efficient regulation of the NGS in accordance with the provisions of the NGA in a manner that is transparent and non-discriminatory. In particular, in exercise of its powers under Section 8 of the NGA and pursuant to Section 31 of the NGA, URCA is mandated to grant licences for all NG activities in The Bahamas.

URCA developed an initial compendium of regulatory measures inclusive of licenses, regulations and codes that comprised the framework for the regulation of the NGS. On 1 October 2024, URCA published its Statement of Results and Final Decision – URCA 02/2024 document which established the initial licenses, regulations, and codes for the NGS in The Bahamas. URCA signalled in that Statement of Results and Final Decision document that it would update the initial regulatory measures from time to time. URCA has conducted a review of the scope of the licences it initially issued for the NGS to determine whether they are fit for purpose and cover all activities contemplated under the NGA.

Consequential to URCA’s review of the regulatory measures it initially issued for the NGS and subsequent engagement with key NGS industry stakeholders, URCA considers that further licences are required for the effective regulation of the NGS. Specifically, URCA has developed licences to better capture the different types of activities involved in the importation of natural gas into The Bahamas, and new licence types are being introduced for construction activities in the NGS. The exemption from the requirement to obtain a licence to import NGS into The Bahamas is addressed in a separate consultation document NGS 05/2025¹.

This Consultation Document contains the following proposed draft licenses as supplementary regulatory measures for the NGS –

- a) Import Licence (Unrestricted);

¹ NGS 05/2025, “Preliminary Determination and Draft Order on Liquefied Natural Gas (LNG) Import Exemption – Consultation Document.”

- b) Import Licence (Carrier Only);
- c) Import Licence (Commercial Only);
- d) Terminal Construction Licence; and
- e) Pipeline Construction Licence.

Given that the NGS framework in The Bahamas is relatively new and continues to be developed, where necessary, URCA will continue to update and modify the NGS regulatory measures from time to time to take account of best practices and comments received from licensees, interested parties and stakeholders.

URCA now issues this Consultation Document on the proposed regulatory measures, inclusive of the above listed draft licenses.

1.1 Objectives of this Public Consultation

URCA is seeking views from members of the public, licensees and interested parties in relation to the proposed regulatory measures. The regulatory measures have been developed in accordance with the high-level sector policy objectives and the provisions of the NGA. URCA sets out the following objectives for conducting consultation with the public, licensees, interested parties and other stakeholders:

- (a) to obtain input, information and feedback from persons whose rights or interests may be materially affected or prejudiced by the proposed regulatory and other measures;
- (b) to ensure regulatory transparency and objectivity;
- (c) to protect consumer interests;
- (d) to ensure adequate and accurate information is shared between the public, licensees, interested parties, stakeholders and URCA;
- (e) to strengthen public, licensee and stakeholder understanding, participation and confidence in the regulatory process;
- (f) to ensure that the public, licensees, interested parties and stakeholders are given the opportunity to express their views on the matters and issues contained herein;
- (g) to ensure that URCA has duly considered the necessary aspects of an issue so that the public, licensees, interested parties and stakeholders are adequately informed of the issues surrounding a particular matter; and
- (h) to acquire substantive information and knowledge from the public, licensees, interested parties, stakeholders and industry professionals on any issue in order for URCA to make

informed decisions.

1.2 How to Respond to this Consultation

URCA invites comments and submissions on this consultation document from members of the public, licensees, and other interested persons. The consultation period is thirty (30) calendar days. Responses to this consultation should be submitted to URCA on or before **12 October 2025**, by email to info@urcabahamas.bs.

Persons may obtain copies of the document by downloading it from the URCA website at www.urcabahamas.bs.

URCA's preferred format for written responses is as follows:

- Respondent's name;
- Name of organization (or state whether the Respondent is responding in their personal capacity);
- Contact information of the respondent including telephone, email and street address;
- Response to Question 1;
- Response to Question 2, etc.; and
- Any other matters that you believe URCA should consider under the instant consultation.

When submitting responses, URCA urges respondents to;

1. indicate clearly the questions addressed for each of the responses provided;
2. reference the specific document, section, and item number being commented on; and
3. provide supporting explanations in submissions.

URCA will review the responses received and publish a Statement of Results and Final Decision on the consultation along with the final regulatory documents consequential to this consultation process.

URCA reserves the right to make all responses available to the public by posting responses on its website at www.urcabahamas.bs. Responses marked 'confidential' should provide reasons to simplify the evaluation by URCA of the request for confidentiality. URCA may, in its sole discretion, choose whether to publish any confidential document or submission.

Any response to this public consultation that does not comply with the aforementioned rules

may not be considered by URCA.

1.3 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 is conducting this consultation and proposing to introduce the regulatory measures;
- Section 3: Provides a high-level overview of the proposed regulatory measures;
- Section 4: Describes URCA's "next steps" in the consultation process; and
- Annex: Contains the five (5) draft licenses under consultation. For ease of access and reference, the annexed documents are uploaded and published separately on URCA's website simultaneously with this Consultation Document and by such publication is deemed to be included in the Annex of this document.

2 Legal Framework

This section sets out the legal basis on which URCA is proposing to issue the regulatory measures under consultation. The regulatory measures under consultation have been set out under a discrete heading, namely, “licensing”. The regulatory authority for URCA to issue the regulatory measures, as proposed, is discussed under that heading.

2.1 Licensing

URCA is empowered to carry certain regulatory functions pertaining to licensing within the NGS sector as outlined in section 8(3)(g) of the Natural Gas Act (NGA). This includes issuing, suspending, varying and revoking licenses. According to Section 17 of the NGA, no individual or entity may, *inter alia*, import natural gas or perform any other activity in the NGS that URCA considers requires a licence. Further, Section 31 of the NGA establishes that URCA may grant a licence for the construction and operation of LNG terminals and natural gas pipelines. **Licenses for the construction and operation of LNG terminals and natural gas pipelines were not contained in the compendium of regulatory measures issued under URCA’s Statement of Results and Final Decision – URCA 02/2024 document.** Pursuant to Section 17(1)(e) of the NGA, URCA considers that these activities in the NGS require a licence from URCA.

2.2 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, Section 6 of the NGA requires that all regulatory and other measures that introduce or amend a significant government policy or regulatory measure 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 this 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 proposed under this Consultation Document will be introduced to supplement the regulatory framework in the NGS which compliments interest of and affords opportunities from all stakeholders, honours contractual commitments and encourages investment in accordance with section 5(2)(k) NGA. Additionally, the proposed regulatory measures will form part of the framework documents which buttresses the NGS safety regime that is 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).

URCA considers that the cumulative effect of the above cited provisions provides URCA with the legal basis of which to issue the proposed regulatory measures under this consultation process.

3 Summary Overview of Draft Licenses

To guide the review of the draft regulatory measures contained in this Consultation Document, URCA sets out below a brief overview of the draft licenses in line with the functions assigned to URCA under the Natural Gas Act, 2024.

3.1 Licenses

3.1.1 Gas Importer Licence (Unrestricted)

As part of its initial compendium of regulatory measures, URCA developed its standard Gas Importer Licence, which was published on 1 October 2024 under NGS 03/2024. That licence related to the statutory requirement for a licence to import natural gas, as provided in the Natural Gas Act. Section 2 of the Act defines "import" as either bringing, or causing to be brought, liquefied natural gas (LNG) into The Bahamas.

On the basis of this statutory definition, URCA took the position that any entity engaged in either the physical activity of bringing LNG into the country, or the commercial activity of causing it to be brought in, or any combination of the two, would require a licence. The standard Gas Importer Licence, as drafted, was comprehensive in scope since it was not restricted by definition and thereby covered all import-related activities.

However, following feedback from domestic stakeholders, URCA recognised certain deficiencies in the licence regime. Firstly, the conditions of the licence, though broad, were in practice directed solely to the commercial aspects of importation and did not expressly include provisions addressing safety. Secondly, industry observations and representations highlighted that in practice different entities often perform distinct aspects of the import process. For example, one entity may be responsible for physically bringing LNG into the country while another undertakes the associated commercial arrangements. In such circumstances, a single, undifferentiated licence risked imposing an undue regulatory burden.

Accordingly, URCA identified the need to separate and define these activities more precisely within the licensing framework, so that appropriate conditions could be applied without over-regulation.

Broadly, the Gas Importer License (Unrestricted) is intended to replace the existing standard licence (NGS 03/2024) as the proposed regulatory document to authorize the holder to import

LNG into The Bahamas. The primary change to this version of the importer licence is that it introduces licence conditions aimed to ensuring that natural gas imported into The Bahamas is done so in a manner that is safe. The primary purpose of this licence is to ensure that the importation of LNG is conducted in a manner that aligns with national energy policies, safety standards, and environmental regulations.

The main contents of the Gas Importer License are:

- Information about the licensee, such as the company's name and address, the duration of the licence, and the permitted volume of LNG that can be imported.
- The general conditions related to the import process, including approved entry points, compliance with safety and technical standards, environmental protection measures, and adherence to international agreements.
- Reporting and documentation requirements, such as regular submissions of import data, safety records, and compliance audits.
- The agreements entered into by the Gas Importer which require URCA's approval.

3.1.2 Gas Importer Licence (Carrier Only)

The Gas Importer Licence (Carrier Only) is a restricted version of the standard, unrestricted Gas Importer Licence. This restricted licence confines the authorised import activity solely to the physical transportation and delivery of LNG into The Bahamas. The licensee is therefore not permitted to engage in any commercial arrangements associated with importation. In practice, such licensees would bring LNG into the country either on behalf of an unrestricted LNG importer or a commercial-only LNG importer.

As a result, many of the conditions applicable to the unrestricted Gas Importer Licence are omitted from the carrier-only licence. Instead, the conditions of this restricted licence are principally concerned with the safe carriage and delivery of LNG into the jurisdiction. These conditions include:

- Requirements relating to the licensee's corporate details, including the company name and address, the duration of the licence, and the maximum volume of LNG authorised for import.
- General conditions governing the import process, including approved entry points, compliance with prescribed safety and technical standards, environmental protection

measures, and adherence to applicable international conventions and agreements.

3.1.3 Gas Importer Licence (Commercial Only)

The final variation of the Gas Importer Licence is the Gas Importer Licence (Commercial Only). Like the Carrier Only Licence, it is a restricted form of the unrestricted licence. This restricted licence authorises the licensee to engage in the commercial arrangements associated with causing LNG to be brought into The Bahamas. However, the licence does not authorise the holder to physically transport or deliver LNG into the jurisdiction.

Accordingly, a Commercial Only licensee must engage either an unrestricted importer or a carrier-only licensee to perform the physical importation. The conditions attached to the Commercial Only Licence therefore focus on the commercial aspects of importation. These include all commercial conditions contained in the unrestricted Gas Importer Licence, together with a mandatory provision requiring the Commercial Only licensee to contract with an entity duly licensed to carry LNG into The Bahamas.

These conditions include:

- Requirements relating to the licensee's corporate details, including the company name and address, the duration of the licence, and the maximum volume of LNG authorised for import.
- Reporting and documentation requirements, such as regular submissions of import data, safety records, and compliance audits.
- The agreements entered into by the Gas Importer which require URCA's approval.

3.1.4 Terminal Construction Licence

A Terminal Construction Licence authorises the Licensee to undertake activities necessary for the construction of a terminal. Such activities may include, but are not limited to, site survey, engineering design, civil and marine works, installation of LNG storage and regasification infrastructure, installation of safety and control systems, and testing and commissioning of works.

For the avoidance of doubt, while this licence authorises the Licensee to carry out construction-related activities as required under the Act, it does not in itself constitute approval for all levels or stages of construction. The exercise of rights under this licence must therefore be read in

conjunction with the LNG Facility Construction, Operation or Modification Regulations (NGS 09/2024) as may be in force from time to time, and remains subject to compliance with the requirements of other competent authorities, including but not limited to the Ministry of Works, the Port Department, the Royal Bahamas Police Force Fire Department, and the Department of Environmental Planning and Protection.

3.1.5 Pipeline Construction Licence

A Pipeline Construction Licence authorises the Licensee to undertake activities necessary for the construction of a pipeline. Such activities may include, but are not limited to, site survey, engineering design, civil and marine works, and testing and commissioning of works.

For the avoidance of doubt, while this licence authorises the Licensee to carry out construction-related activities as required under the Act, it does not in itself constitute approval for all levels or stages of construction. The exercise of rights under this licence must therefore be read in conjunction with the URCA regulations as may be in force from time to time, and remains subject to compliance with the requirements of other competent authorities, including but not limited to the Ministry of Works, the Port Department, the Royal Bahamas Police Force Fire Department, and the Department of Environmental Planning and Protection.

4 Conclusion and Next Steps

In this document, URCA has presented its proposed licenses to supplement the NGS regulatory measures issued under URCA's Statement of Results and Final Decision – URCA 02/2024 document. This consultation also raises the following consultation questions which are outlined below:

Question 1: *Do you have any comments on the overall proposed licences to supplement the regulatory structure for natural gas in The Bahamas?*

Question 2: *Do you think the obligations and rights of the licensees are sufficient and proportionate?*

Question 3: *Are there any aspects in relation to safety that you think are missing or could be enhanced?*

Question 4: *Are there any situations you are currently facing, or are expected to be facing, that the proposed regulatory measures are not addressing and/or generate a conflict?*

Question 5: *Would you like to propose any alternative wording for any section of the proposed licenses? If so, kindly submit same for consideration by URCA.*

Question 6: *Do you have any specific comments in relation to any of proposed licence documents? If so, please outline them.*

URCA invites interested persons to comment on the documents contained in this Consultation Document. **URCA encourages responses to be submitted in the format as requested in section 1.2 of this Consultation Document.**

Upon consideration of written responses, URCA will publish on the URCA website: www.urbahamas.bs its Statement of Results and Final Decision simultaneously with standalone final versions of the documents under consultation.

URCA looks forward to constructive engagement with the public on its proposed regulatory measures contained in this Consultation Document.

5 Annex – Documents Under Consultation

The documents under consultation, annexed and incorporated by reference, are separately provided as pdf documents under the link to this consultation document and available on URCA's website: www.urcabahamas.bs.