



**PRELIMINARY DETERMINATION AND DRAFT ORDER ON:  
LIQUEFIED NATURAL GAS (LNG) IMPORT EXEMPTION**

**Consultation Document – NGS 05/2025**

**Issue Date: 12 September 2025**

**Response Date: 12 October 2025**

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# 1 Introduction

The Utilities Regulation and Competition Authority (URCA) is the independent regulator of the Natural Gas Sector (NGS) in accordance with the Natural Gas Act, 2024 (NGA). The NGA sets out URCA's role, powers, and functions in addition to the statutory obligations of persons operating in the NGS. URCA is responsible for licensing and/or exempting activities in the NGS value chain throughout The Bahamas. URCA also has the power to issue regulatory and other measures to effectively and efficiently regulate the NGS.

Under the NGA, URCA may by determination exempt any person from complying with the requirement to obtain a licence for activities in the NGS. Any person that meets the criteria of an exemption will not require a licence from URCA for those activities as set out in the exemption. This Preliminary Determination and Draft Order consultation document, amongst other things, is a regulatory measure issued by URCA that proposes to exempt persons from obtaining a licence for the import of Liquefied Natural Gas (LNG) in The Bahamas in specific circumstances.

## 1.1 Background

On 1 June 2024, the NGA came into force thereby establishing the statutory requirement that no person shall import natural gas into The Bahamas unless the person is authorised to do so by a licence issued by URCA under the NGA or is exempted under Section 18 of the NGA.

On 1 October 2024, URCA established the licensing regime and issued regulatory measures to ensure the effective and efficient regulation of the NGS, including the licensing of the importation of LNG. An overview of these regulatory measures is set out in URCA's *"Draft Licenses, Regulations and Codes for the Natural Gas sector Statement of Results and Final Decision URCA 02/2024"*. In addition to the publication of its Statement of Results and Final Decision, URCA also published its draft licence documents incorporating standard licence conditions. Amongst these draft instruments was the Gas Importer Licence – NGS 03/2024.

Consequential to URCA's stakeholder engagement regarding the statutory requirement for

licensing of importation of natural gas into The Bahamas, and having regard to Vessels that arrive in The Bahamas carrying LNG in their fuel tanks solely for propulsion and their operations and not for the purpose of commercial importation or gain, URCA believes that such Vessels may be disproportionately subjected to licensing requirements, conditions, obligations and regulatory measures issued by URCA under the NGA.

URCA therefore considers that, subject to representations from all licensees, members of the public and interested parties, the appropriate regulatory measure to remedy this potential regulatory matter in the LNG licensing regime would be to issue an Exemption Order pursuant to the NGA.

## **1.2 How to Respond and Timeline for Responding**

URCA invites written responses from licensees, members of the public and interested parties on the matters set out in this Preliminary Determination and Draft Order consultation document. Responses must be received by URCA within thirty (30) calendar days from the publication of this document. **The deadline for receiving written responses is 5:00 p.m. on 12 October 2025.** Such written responses should be submitted to URCA by email to: [info@urcabahamas.bs](mailto:info@urcabahamas.bs) with the subject line, **NGS 05/2025 PDDO**.

After the period for responses closes, URCA will subsequently consider all the responses and comments received on this document before issuing a Final Determination and Exemption Order.

Table 1 below summarizes the timeline and activities for this Preliminary Determination and Draft Order consultation process:

Event	Date
URCA issues the Preliminary Determination and Draft Order	12 September 2025
Close of Receipt of Responses	12 October 2025
URCA issues Final Determination and Exemption Order	Thirty (30) calendar days from the close of receipt of responses.

**1.3 Confidentiality**

URCA considers that, as a matter of transparency and good regulatory practice, it is important for the public and interested parties to this consultation process to have sight of the views and positions expressed by all Respondents. As such, as soon as reasonably practicable after the close of the response date for this consultation, URCA intends to publish all responses on the URCA website at [www.urcabahamas.bs](http://www.urcabahamas.bs).

URCA may treat as confidential responses that are clearly marked (in part or full) as being confidential. An explanation should be provided to justify any information that is submitted on a confidential basis. In such circumstances, a redacted version should also be submitted to URCA. URCA has the sole discretion to determine whether to publish any submission marked as confidential.

**1.4 Intellectual Property**

Respondents agree that by submitting a response to this document, they represent to URCA to have the authority to licence any material subject to copyright law or any other intellectual property protection to URCA. Additionally, Respondents agree that by submitting a response to this document copyright and all other intellectual property that form any part of a response to this document shall be licensed to URCA for its use during the consultation process and implementation process for any resulting regulatory or other measure issued by URCA.

**1.5 Structure of the Remainder of this Document**

The remainder of this document is structured in the following way:

- Section 2: sets out the Regulatory Framework under which URCA has exercised its powers to issue this document;
- Section 3: sets out URCA’s preliminary analysis relative to its proposed LNG Import Exemption;
- Section 4: sets out URCA’s Preliminary Determination and Draft Order;
- Section 5: provides the Next Steps in this consultation process; and
- Annex A: sets out URCA’s Draft LNG Import Exemption document.

## 2 Regulatory Framework

The National Energy Policy 2025 – 2030<sup>1</sup> sets out the Government’s Strategic Aims and Policy Objectives for the Energy Sector in The Bahamas, including the Natural Gas Sector, and all regulatory measures by URCA must be taken or made with a view to implementing the objectives of the sector policy<sup>2</sup>. The Natural Gas Act, 2024 (NGA) establishes the statutory framework for the regulation of the NGS by URCA and gives URCA the power to, *inter alia*, issue regulatory and other measures including regulations and decisions for the purpose of carrying into effect the policy objectives of the NGA<sup>3</sup>.

Pursuant to Section 6.3(2) of the National Energy Policy 2025 – 2030<sup>4</sup>, the Government has stated that it expects URCA to establish and issue regulatory measures, in accordance with the NGA, to effectively govern the Natural Gas Sector in The Bahamas.

Section 6(2)(c) of the NGA establishes that regulatory measures shall be efficient and proportionate to their purpose and introduced in a manner that is transparent, fair and non-discriminatory.

Section 9 of the NGA broadly requires URCA to allow persons with sufficient interest a reasonable

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<sup>1</sup> Published in the Official Gazette 30 May 2025.

<sup>2</sup> See Section 6(1) of the NGA.

<sup>3</sup> See Section 8(3) of the NGA.

<sup>4</sup> Published in the Official Gazette 30 May 2025.

opportunity to comment on proposed regulatory and other measures which, in the opinion of URCA, are of public significance and give due consideration to the comments of the persons having sufficient interest prior to introducing the regulatory measures concerned.

Section 9(5) of the NGA particularly establishes that a regulatory measure is likely to be of public significance where it relates to, *inter alia*, a major change in activities carried on by URCA under the NGA or a significant impact on persons carrying on activities in areas regulated by URCA under the NGA.

Section 17 of the NGA provides, *inter alia*, that no person shall import natural gas unless the person is authorized to do so by a licence issued by URCA under the NGA or is exempted under Section 18 of the NGA.

Section 18(1)(a) of the NGA provides that URCA may exempt any person or class of persons from complying with Section 17 generally or to such an extent as may be specified in the exemption order.

URCA considers the cumulative effect of the NEP, the NGA, regulations, and other regulatory measures issued by URCA, establish the regulatory framework for the NGS and the legal basis for the issuance of this Preliminary Determination and Draft Order consultation document by URCA.

### **3 URCA's Preliminary Analysis of Its Proposed LNG Import Exemption**

This section sets out URCA's reasons and reasoning for its proposed LNG Import Exemption.

A key objective of the NGA is to establish a legislative framework to regulate the importation of LNG to ensure that this activity is performed in a safe, efficient, effective, economically and environmentally sustainable manner. URCA has established a regulatory licensing regime for, *inter alia*, the effective and efficient regulation of the importation of LNG<sup>5</sup>.

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<sup>5</sup> See URCA's "Draft Licenses, Regulations and Codes for the Natural Gas sector Statement of Results and Final Decision URCA 02/2024", Issue Date: 1 October 2024; and URCA's Gas Importer License NGS 03/2024.

URCA, however, proposes to issue a Determination exempting the requirement to obtain an Importer Licence where Vessels arrive into The Bahamas already carrying LNG in their fuel tanks solely incidental to the operation of the Vessel and not for the primary purpose of commercial importation or gain. This exemption is particularly required when regard is had to the statutory term “import” as defined in Section 2 of the NGA, which provides:

*“import” in relation to natural gas or LNG means to bring or cause to be brought into The Bahamas by any means, the natural gas or LNG from any place outside The Bahamas.*

URCA considers that the legislative intent of the NGA contemplated the requirement for a licence for the importation of LNG where such activity is a core purpose of the importer’s business, and the LNG is to either be kept or consumed in The Bahamas. URCA is aware that LNG-fueled vessels are beginning to dominate the alternative fuel landscape in the maritime industry. URCA is further aware that LNG has emerged as a bridging fuel in the maritime industry's push toward decarbonization, driven in part by International Maritime Organization (IMO) regulations such as the 2020 sulfur cap and upcoming mid-term Green House Gas (GHG) reduction measures resulting from the Marine Environment Protection Committee 83 (MEPC 83) Conference that was held in April 2025. Of particular note, is the accelerated adoption and use of LNG in the cruise ship industry by cruise lines coming to The Bahamas. LNG is also being used by container ships and vehicle carriers plying Bahamian waters. URCA is not aware that the “import” of LNG by any of these entities, as defined in the NGA, is a core purpose of their business, and that the importation (as defined in the NGA) of LNG is primarily for commercial gain.

URCA therefore considers that, unless exempted, the aforementioned vessels would be disproportionately subjected to the licensing requirements, conditions, obligations and regulatory measures issued by URCA under the NGA.

## 4 Preliminary Determination

This Preliminary Determination is issued by the Utilities Regulation and Competition Authority (URCA) in accordance with Sections 106(3) and (7) of the Natural Gas Act, 2024 (NGA).

This Preliminary Determination gives notice that URCA proposes to issue a Final Determination pursuant to Section 106(1) of the Natural Gas Act, 2024.

**WHEREAS** Section 17 of the NGA provides, *inter alia*, that no person shall import natural gas unless the person is authorized to do so by a licence issued by URCA under the NGA or is exempted under Section 18 of the NGA;

**WHEREAS** Section 18(1)(a) of the NGA provides that URCA may exempt any person or class of persons from complying with Section 17 generally or to such an extent as may be specified in the exemption order;

**AND WHEREAS** URCA considers that the import of LNG by a Vessel to the extent that such LNG is contained within and forms part of the fuel supply of that Vessel and is being used, or intended to be used, solely for the propulsion or operation of that Vessel and not for commercial gain.

**NOW THEREFORE** having considered the foregoing and the matters set out under Section 3 of this document, **URCA HEREBY PRELIMINARILY DETERMINES:**

- (i) to Exempt persons operating a Vessel from the requirement to hold a licence under Section 17(1)(a) of the NGA for the Import of LNG to the extent that such LNG is contained within and forms part of the fuel supply of that Vessel and is being used, or intended to be used, solely for the propulsion or operation of that Vessel; and
- (ii) to limit this Exemption to LNG physically contained in the fuel tanks of the Vessel at the time of entry into Bahamian waters and does not extend same to any LNG carried as cargo, whether for consideration, commercial gain, refueling or otherwise.

## 5 Draft Exemption Order

This Draft Exemption Order is issued by the Utilities Regulation and Competition Authority (URCA) pursuant to Section 18 and 106 of the Natural Gas Act, 2024 (NGA), and is issued in conjunction with the Final Determination issued by URCA on XX October 2025.

**WHEREAS** by Final Determination made on XX October 2025;

**AND WHEREAS IN ACCORDANCE WITH** the role, functions and powers of URCA under the NGA,

**URCA HEREBY PROPOSES TO:**

- (i) exempt persons operating a Vessel from the requirement to hold a licence under Section 17(1)(a) of the NGA for the Import of LNG to the extent that such LNG is contained within and forms part of the fuel supply of that Vessel and is being used, or intended to be used, solely for the propulsion or operation of that Vessel; and
- (ii) limit this Exemption to LNG physically contained in the fuel tanks of the Vessel at the time of entry into Bahamian waters and does not extend to any LNG carried as cargo, whether for consideration, commercial gain, refueling or otherwise.

**AND THAT THIS EXEMPTION ORDER** shall continue in force until such time and unless revoked by URCA in accordance with the NGA.

## 6 Next Steps

This section sets out the next steps URCA will take in this Preliminary Determination and Draft Order consultation process:

1. URCA will carefully consider all comments, responses and submissions received within the prescribed timeline for responding to this Preliminary Determination and Draft Order consultation document.
2. Subject to Section 1.3 of this Preliminary Determination and Draft Order consultation document, all comments, responses and submissions received within the prescribed timeline will be published on the URCA website.
3. URCA intends to issue a Final Determination and Exemption Order on this Preliminary Determination and Draft Order consultation document within thirty (30) calendar days following the end of the consultation period unless extenuating circumstances dictate otherwise (in which case URCA will duly notify the public). URCA will give full reasons for its decisions.
4. URCA will simultaneously publish its Final Determination and Exemption Order, and its LNG Import Exemption as a standalone document on its website: [www@urcabahamas.bs](http://www@urcabahamas.bs), in accordance with Section 15 of the NGA.

## **Annex A:**

### **DRAFT LNG IMPORT EXEMPTION (“the Exemption”)**

#### **DEFINITIONS AND INTERPRETATION**

1.1 In this Exemption, except in so far as the context otherwise requires:

“**Act**” means the Natural Gas Act, 2024;

“**Import**” means bringing LNG or causing LNG to be brought into The Bahamas from anywhere outside The Bahamas;

“**LNG**” means liquefied natural gas; and

“**Vessel**” means any waterborne craft, ship or boat, whether self-propelled or otherwise, capable of navigation in Bahamian waters.

1.2 For the purpose of interpreting this Exemption:

- (a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in this Exemption, and otherwise in the Act;
- (b) for ease of reference, in this Exemption terms defined in the Act have been capitalised;
- (c) subject to section 1.2(a), where there is any conflict between the provisions of this Exemption and the Act, the provisions of the Act shall prevail;
- (d) headings and titles used in this Exemption are for reference only and shall not affect its interpretation or construction; and
- (e) references to any law or statutory instrument include any modification, re-enactment or legislative provisions substituted for the same.

#### **EXEMPTION**

1.3 Pursuant to Section 18 of the Act, URCA hereby exempts any person operating a Vessel from the requirement to hold a licence under Section 17(1)(a) of the Act for the Import of LNG to the extent that such LNG is contained within and forms part of the fuel supply of that Vessel and is being used, or intended to be used, solely for the propulsion or operation of that Vessel.

1.4 This Exemption is limited to LNG physically contained in the fuel tanks of the Vessel at the time of entry into Bahamian waters and does not extend to any LNG carried as cargo,

whether for consideration, commercial gain, refueling or otherwise.

- 1.5 Nothing in this Exemption shall relieve any person of any legal requirement to obtain any additional consents, permissions, authorisations or licences in relation to LNG that are necessary under the Act or any other applicable law for LNG import or fueling of the Vessel in Bahamian waters.