



# **The Utilities Regulation and Competition Authority Supplementary Licences for the Natural Gas Sector in The Bahamas**

**Second Round Consultation Document**

**NGS 09/2026**

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**Response Date: 16 March 2026**

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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 provided 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.

On 12 September 2025 URCA published its Consultation Document on The Utilities Regulation and Competition Authority supplementary licences for the Natural Gas Sector in The Bahamas (NGS 06/2025).<sup>1</sup> The objective of that consultation was to obtain feedback from the public and interested parties as it relates to regulatory measures which URCA intended to introduce, namely, the following supplementary licence documents in the NGS:-

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

During the initial consultation, URCA received feedback from a range of stakeholders, including the Florida-Caribbean Cruise Association and Shell International.

As a consequence of that feedback, URCA published on 6 February 2026 its Statement of Results and Final Decision on the Supplementary Licences for the Natural Gas Sector (NGS 03/2026). In that Statement, URCA amended the draft standard licence documents where appropriate and concluded consultation in respect of the import licences. Those import licences were published simultaneously as standalone instruments.

However, URCA expressly noted that, in relation to the standard licences under consultation concerning Terminal Construction and Pipeline Construction, further consideration had led it to conclude that additional terms and conditions ought to be proposed. URCA therefore determined that it would undertake a further round of public consultation. The Statement expressly recorded that it did not conclude the consultation process for the Terminal

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<sup>1</sup> Available at <https://urcabahamas.bs/wp-content/uploads/2025/09/URCA-Consultation-Documents-12Sep2025-NGS-Licences-NGS062025.pdf>

Construction and Pipeline Construction Licences for the natural gas sector in The Bahamas.

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

## **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 fourteen (14) working days. Responses to this consultation should be submitted to URCA on or before **16 March 2026**, by email to [info@urcabahamas.bs](mailto:info@urcabahamas.bs)

Persons may obtain copies of this document by downloading it from the URCA website at [www.urcabahamas.bs](http://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.urbahamas.bs](http://www.urbahamas.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:

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|------------|---|
| 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 two (2) draft licences 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 licences. 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. Licences 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 Licences**

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

### **3.1 Licences**

#### ***3.1.1 Terminal Construction Licence***

A Terminal Construction Licence authorises the Licensee to undertake activities necessary for the construction of a liquefied natural gas terminal within The Bahamas. Such activities may include, but are not limited to, site survey and geotechnical investigations, front end and detailed engineering design, civil, structural and marine works, dredging where authorised, installation of LNG storage tanks and regasification infrastructure, installation of safety, monitoring and control systems, and the 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 amended 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.

The licence is limited to the construction phase and does not authorise the operation, commercial use, or modification of the terminal beyond the scope expressly permitted. A separate licence or regulatory approval will be required for operation.

#### ***3.1.2 Pipeline Construction Licence***

Pipeline Construction Licence authorises the Licensee to undertake activities necessary for the construction of a natural gas pipeline within The Bahamas. Such activities may include, but are not limited to, route selection and survey, engineering design, trenching and directional drilling, civil and marine works, installation and welding of pipeline segments, pressure testing, integrity verification, and testing and commissioning of the completed pipeline.

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 applicable 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.

This licence is confined to construction activities and does not authorise the transportation of natural gas or the commercial operation of the pipeline, which shall require the appropriate operational licence and regulatory approvals.

### **3.1.2 Additional Licence Condition for Insertion – Step in**

URCA proposes, as part of this second round of consultation, the insertion of a new Step-in Event provision into the Terminal Construction Licence and the Pipeline Construction Licence. This clause was not included in the earlier draft licences issued for consultation and therefore has not previously been the subject of stakeholder comment.

URCA has identified a potential regulatory gap concerning its ability to respond where construction of an LNG terminal or pipeline is excessively delayed or otherwise materially disrupted.

Both the Terminal Construction Licence and the Pipeline Construction Licence contain, under the section entitled Obligation to Perform, a requirement that: “The Licensee shall provide an adequate, safe and efficient service based on modern standards, to the Service Territory at reasonable rates so as to contribute to national economic development.”

However, the draft licences do not presently contain express provisions addressing step-in rights or force majeure. In the absence of such provisions, if construction were significantly delayed or abandoned, URCA’s ability to secure continuity of development in the public interest could be constrained. In particular, there is currently no express mechanism enabling URCA, following revocation or suspension, to designate a third party to enter upon and complete partially constructed facilities, rather than requiring the initiation of an entirely new terminal or pipeline project.

Given the strategic importance of natural gas infrastructure to national energy security and economic development, URCA considers it prudent to consult on the insertion of a narrowly framed step-in mechanism.

The proposed clause, which is the only new substantive provision not previously consulted upon, would provide as follows:

#### **“STEP-IN EVENT**

1. A Step-in Event occurs where URCA revokes or suspends this Licence in accordance with its statutory powers and the terms of this Licence.
2. Force majeure shall not constitute a Step-in Event.

3. In the case of a Step-in Event, URCA may designate a third party to carry out the functions of the Licensee authorised under this Licence.
4. For the purpose of this condition, URCA may permit the designated third party to enter upon, take possession of, and continue the construction of the facilities being built under this Licence, in order to carry out the authorised activities.
5. The Licensee may recover from the designated third party any reasonably incurred costs properly attributable to the works completed up to the date of revocation or suspension, subject to verification.
6. The designated third party may pursue recovery in the courts of costs and damages arising from the failure of the Licensee to perform its obligations to the public in accordance with the terms of this Licence.”

The proposed clause is not intended to operate as a general intervention power, nor to displace established statutory enforcement mechanisms. It is intended to function only upon revocation or suspension of the Licence and to preserve continuity of critical infrastructure development in the public interest.

## 4 Conclusion and Next Steps

In this document, URCA has presented its proposed licences 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 respondents agree that an express Step-in Event provision is necessary to address circumstances where construction of an LNG terminal or pipeline is excessively delayed or the Licence is revoked or suspended? Please provide reasons.

***Question 2:*** Is the proposed trigger for a Step-in Event, limited to revocation or suspension of the Licence, appropriate and sufficiently clear?

***Question 3:*** Do respondents agree that force majeure should be excluded from constituting a Step-in Event? If not, what alternative formulation is proposed?

***Question 4:*** Are the proposed powers permitting URCA to designate a third party and allow entry and possession of facilities proportionate and consistent with investor certainty and property rights? Please elaborate.

***Question 5:*** Is the proposed mechanism for recovery of reasonably incurred costs by the original Licensee appropriate? Should any additional safeguards or valuation principles be specified?

***Question 6:*** Are there any additional safeguards, procedural protections, or clarifications that should be incorporated into the proposed Step-in Event clause to ensure legal certainty and regulatory proportionality?

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.urcabahamas.bs](http://www.urcabahamas.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 available on URCA's website: [www.urcabahamas.bs](http://www.urcabahamas.bs).