



NGS Non-commercial (self-use) restriction licence modification

Consultation Document

NGS 10/2026

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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, inter alia, for 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 NGS activities in The Bahamas, namely the import, transport, shipping and retail of natural gas within and throughout The Bahamas, inclusive of the operation of a terminal.

Since being designated as the sector regulator for the natural gas sector in 2024, URCA has developed a compendium of regulatory documents, including licences, which were published on 1 October 2024 when URCA issued its Statement of Results and Final Decision on Draft Licences, Regulations and Codes for the Natural Gas Sector (NGS 02/2024)¹. Since that time, URCA has also developed supplementary licence documents and, on 25 February 2026, issued further materials (NGS 09/2026)². As a result, URCA has the following licence types currently existing in the natural gas sector:

- a) Import Licence (Unrestricted);
- b) Import Licence (Carrier Only);
- c) Import Licence (Commercial Only);
- d) Gas Transporter Licence;
- e) Gas Shipper Licence;
- f) Terminal Operator Licence; and
- g) Gas Retailer Licence.

Since the coming into force of the sector, which remains a relatively new sector, URCA has actively engaged with industry participants in order to regulate in a manner which appropriately balances its statutory obligations under the NGA with the practical realities of the industry.

¹ Available here: https://urcabahamas.bs/wp-content/uploads/2024/09/URCA_NGS-Statement-of-Results-and-Final-Decision_FINAL-JH240924.pdf

² Available here: <https://urcabahamas.bs/urca-publishes-ngs-092026-supplementary-licences-for-the-natural-gas-sector-in-the-bahamas/>

URCA is cognisant of the fact that within the sector there are entities, typically larger undertakings, which conduct licensed activities as a going commercial concern and as a distinct business activity. Conversely, there are entities, typically smaller undertakings, which are involved in the sector on a non-commercial, self use basis, and for whom the licensed activity is ancillary rather than a standalone commercial enterprise.

Owing to the requirement to regulate in a non-discriminatory manner, URCA is under an obligation to regulate all relevant activities falling within the scope of the NGA. However, appropriate regulation requires recognition that certain regulatory provisions, designed primarily for fully commercial operators, may not be proportionate when applied to smaller, self-use entities not engaged in commercial supply or trading activities.

In developing subsequent regulatory frameworks, the assessment of regulatory fees and in the exercise of its regulatory powers, URCA will therefore seek to distinguish, in an objective and principled manner, between these two categories of licensees.

In issuing licences, it is URCA's established practice to apply standard licence conditions across licence types, in fulfilment of its obligation to act in a non-discriminatory manner between classes of licensees. Notwithstanding this, URCA retains the statutory power to modify standard licence conditions, including in respect of licences already issued. Its practice has been to exercise such modification powers in a non-discriminatory manner, offering equivalent modifications to defined classes of licensees where appropriate.

While URCA recognises that, in practice, there exist different categories of licensees, namely those engaged in a going commercial concern and those operating on a smaller, non-commercial, self-use basis, the current licence architecture does not expressly distinguish between those categories for the purpose of applying differentiated regulatory provisions. URCA considers that a proportionate mechanism to address this issue would be the development of a standard restriction which a licensee may elect to have included within its licence, subject to meeting defined qualification criteria. Such a restriction would operate to limit the scale and scope of permitted activities, for example by reference to volume, capacity, and/or a prohibition on onward commercial supply. In exchange for accepting such limitations, the licensee would be subject to a modified set of regulatory obligations reflecting its reduced market impact and risk profile.

The regulatory trade off inherent in this approach is clear. On the one hand, URCA preserves the principle of non-discrimination by making the restriction available to any licensee meeting objective criteria. On the other hand, proportionality is achieved by calibrating regulatory burdens to the nature and scale of the activity undertaken. This enhances regulatory efficiency, reduces unnecessary compliance costs for smaller self-use operators and allows URCA to focus supervisory resources on activities posing greater systemic or market risk.

URCA now issues this Consultation Document on the proposed regulatory measures, inclusive of the above listed draft licences, with a view to obtaining further stakeholder input prior to finalising the relevant instruments. URCA remains committed to implementing a regulatory framework for the NGS which is transparent, proportionate and non discriminatory, while responsive to the evolving structure of the sector. The proposed approach seeks to reconcile statutory obligations under the NGA with practical industry realities, through structured and objective differentiation within a coherent licensing regime.

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 measure;
- (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

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

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 2 April 2026, either:

(1) by completing electronically the URCA digital questionnaire available at: [Consultation Questions – URCA Consultation on Proposed Standard Optional Modification \(Fill out form\)](#);³ or

(2) by email to info@urcabahamas.bs

If the submission is sent by email, 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. 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.

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<https://forms.office.com/Pages/ResponsePage.aspx?id=La7pxDWtqkysA5xTFmmB9u7CUZd3G85DvFcmXtLnDPNUQkQ2NkwXVE9DWIhFTUhpWVBbUEdGUEo3TC4u>

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 the proposed condition;
- Section 4: Provides an overview and explanation of the proposed condition;
- Section 5: Describes URCA's "next steps" in the consultation process.

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 sections 8(1)(a) and 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*, perform any activity in the NGS that URCA considers requires a licence. URCA determines fees and payments in accordance with the NGA section 16.

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 complements 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 fair trade, financial viability, economic growth and development, and the promotion of private investment in accordance with section 5(2)((c, e, and h).

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 Proposed Licence Condition

This section sets out the proposed licence condition as it would be incorporated into the relevant licence, subject to any necessary adjustments to numbering and cross referencing upon insertion into the final licence instrument:

RESTRICTION ON COMMERCIAL ACTIVITY

1. The Licensee shall undertake the Licensed Activity strictly for its own consumption and internal operational purposes only.
2. For the purposes of this condition, “own consumption and internal operational purposes” means the use of LNG:
 - a. by the licensee solely as part of its electricity generation portfolio for supply within the licensed service area in accordance with a licence issued by URCA; or
 - b. by the licensee solely as an input in its own production or processing activities.
3. LNG imported, received, stored, regasified, processed, transported, distributed, or otherwise handled by the Licensee under this licence shall be used solely by the Licensee for the purposes described in paragraph 2 of this condition. Nothing in this condition shall prevent the internal transfer, transportation, storage, or distribution of LNG by the Licensee within its own facilities or operations where such activities form part of the Licensee’s own consumption and internal operational purposes. The LNG shall not form part of any resale, supply, commercial transfer, or other commercial dealing in LNG involving any person other than the Licensee.
4. The total volume of LNG imported by the Licensee in any calendar year, or the total volume of LNG received, stored, regasified, processed, or otherwise handled by the licensee in any calendar year, as the case may be, shall not exceed 12,000 metric tonnes or such other volume as may be specified in writing by the URCA in its Fee Schedule.
5. Where the Licensee:
 - a. imports LNG or operates the terminal other than for its own consumption and internal operational purposes; or
 - b. exceeds the volume limitation specified in paragraph 3,

without having first obtained the prior written approval of URCA for the modification or removal of this restriction, the Licensee shall be liable to:

- (i) pay to URCA a sum equal to the annual licence fee applicable to an unrestricted licensee carrying out the same category of Licensed Activity, such sum to include all applicable prior years during which the restriction was exceeded or not complied with,

together with interest at the rate of the prime rate of the Central Bank of the Commonwealth of The Bahamas plus eight (8) percentum per annum

(ii) receive no refund of any licence fee already paid, nor any credit or set off in respect of the unrestricted licence fee; and

(iii) be subject to any enforcement action available to URCA under the Act or pursuant to the terms and conditions of the licence.

6. A Licensee subject to this condition shall not apply for, hold itself out as intending to undertake, or otherwise prepare to undertake commercial LNG activities while operating under this restriction unless and until URCA has approved in writing the modification or removal of this condition.
7. The Licensee shall not enter into any arrangement, structure, agreement, or course of conduct, whether directly or indirectly, the purpose or effect of which is to circumvent, avoid, or undermine the restriction on commercial activity set out in this condition.
8. A Licensee whose licence incorporates this restriction shall not apply for the removal or modification of this condition within the first twenty-four (24) months of the licence term without demonstrating to URCA's satisfaction that the restriction was not requested for the purpose of temporarily avoiding the licensing requirements applicable to commercial LNG activities.

4 Overview of the Licence Condition

To guide the review of the draft regulatory measures contained in this Consultation Document, URCA sets out below a brief overview of the proposed licence condition being consulted upon, in line with the statutory functions assigned to URCA under the NGA.

4.1 Background

As part of this consultation, URCA proposes the development of a standard licence condition for the natural gas (NG) sector which, in substance, establishes a volume and activity-based restriction. The effect of this condition would be that a licensee whose licence incorporates the restriction would be prohibited from engaging in the natural gas sector as a commercial activity or business concern. In addition, such licensees would be restricted from handling volumes of natural gas above a specified threshold within a calendar year.

This modification is intended to provide a structured and proportionate mechanism by which licensees operate solely for self-use and not as a commercial undertaking may be distinguished, for regulatory purposes, from fully commercial operators.

The proposed restriction aligns with the overarching regulatory framework established under the NGA. It preserves the principles of transparency and nondiscrimination by making the modification available on objective criteria, whilst ensuring proportionality by calibrating regulatory obligations to the scale and nature of the licensed activity.

In particular, the restriction reflects the statutory scheme under sections 8 and 31 of the NGA, which requires URCA to license and regulate all NGS activities, while permitting the imposition of licence conditions appropriate to the category and scope of activity undertaken. The modification therefore operates within the existing legislative framework and does not create a new class of licence, but rather a conditional limitation within an existing licence type.

4.2 Entities which will be subject to the condition

It will be open to an applicant, or to an existing licensee, to request the inclusion of this restriction within the licence issued by URCA. Given that licences of the same category are ordinarily issued containing standard conditions which URCA has consulted on, consistent with URCA's obligations relating to non-discrimination, this restriction (by inclusion of additional conditions) would likewise constitute a standard modification (or variant) of the relevant licence which may be made included upon request.

Where a licensee or applicant requests that this condition be incorporated into their licence, thereby modifying the standard form of URCA licence applicable to that category, URCA will consider the request as part of the licensing process. Where the request forms part of a licence application, URCA will consider the request as part and parcel of the application itself. If

approved, the licence issued will reflect the modification, with the result that the licensee will be subject to the additional licence condition imposing the relevant restriction.

4.3 Scope and Practical Limitations

It should be noted, however, that there are certain categories of licences for which the implementation of such a restriction would render the licence nugatory or otherwise ineffective.

By way of example, the primary purpose of a retail licence is to authorise the retail supply of natural gas. Accordingly, it would not be appropriate for URCA to approve a modification restricting commercial activity where such a restriction would undermine the essential purpose of the licence itself. Even where such a modification is requested by an applicant, URCA would be unlikely to approve it in those circumstances.

An applicant may request this modification at the time of submitting a licence application. The application form already provides an opportunity for applicants to request modifications to proposed licence conditions. URCA will consider any such request in the course of processing the relevant licence application.

4.4 URCA' Analysis and Justification of introduction of the Restriction

The effect of the proposed clause is threefold.

1. First, it draws a clear and objective boundary between commercial market participation and internal self-use. By expressly excluding resale, transfer, distribution or supply to third parties, the restriction ensures that entities benefiting from a lighter regulatory burden are not, in substance, engaging in competitive commercial activity. The distinction is framed by reference to purpose and effect, thereby minimising ambiguity and facilitating supervisory certainty.
2. Secondly, the volumetric cap operates as a proxy for scale and market impact. The proposed threshold of 12,000 metric tonnes per calendar year reflects a level consistent with limited operational use, rather than market facing trade. The power reserved to URCA to specify an alternative volume in writing preserves regulatory flexibility and enables adjustment in light of evolving sector conditions, technological change or demonstrable operational need.
3. Thirdly, condition 4 provides a structured compliance and deterrence mechanism. It ensures that a licensee cannot obtain the benefit of restricted regulatory status while, in practice, operating as an unrestricted commercial undertaking. The financial consequence, namely payment of the unrestricted annual licence fee retrospectively with interest at 10 per cent per annum, removes any economic incentive for non-compliance. The absence of refund, credit or set off reinforces that the restricted regime is conditional and contingent upon strict adherence.

The proposed modification is consistent with URCA's statutory mandate under the NGA. It does not create discrimination between similarly situated licensees, since any licensee meeting the objective criteria may request inclusion of the restriction. Nor does it relieve URCA of its obligation to regulate all NGS activities falling within the statutory framework. Rather, it introduces a proportionate regulatory differentiation grounded in scale, purpose and market effect, while maintaining formal parity of access.

In regulatory terms, the tradeoff is explicit. A licensee accepting the restriction benefits from a regime calibrated to self-use and limited scale, but in return relinquishes the ability to engage in commercial supply and is subject to strict volumetric and enforcement controls. The balance struck is between reduced regulatory burden and reduced commercial freedom.

This approach addresses the practical reality that, although such smaller entities, including certain terminals, fall within the statutory definitions of "terminals" or "facilities" by virtue of storing, regasifying or otherwise handling natural gas, they are not equivalent in scale, scope or market function to the larger facilities contemplated as part of a fully integrated commercial value chain. Their activities are confined to internal operational use. The statutory classification captures the physical activity, however proportional regulation must recognise differences in economic function, systemic relevance and competitive impact.

Should the licensee's business model evolve, the appropriate course is to seek prior written approval from URCA for the removal or modification of the restriction, thereby transitioning transparently into the unrestricted licensing framework. This ensures regulatory certainty, preserves competitive neutrality and maintains oversight consistent with the NGA. It also prevents inadvertent or informal drift from restricted to commercial status without regulatory scrutiny.

The corollary of accepting the restriction is that certain regulatory consequences may properly differ in recognition of the reduced scale, purpose and market effect of the activity.

This may include, for example, the application of a different annual licence fee reflecting the proportionate regulatory burden imposed on URCA and the reduced supervisory intensity required. The fee structure would thereby correspond to regulatory effort and risk profile.

Similarly, the application of elements of the regulatory framework relating to safety and operational standards would remain mandatory, however calibrated to reflect differences in size, throughput and operational complexity. Safety oversight remains paramount, yet proportionality requires recognition of the distinction between a limited self-use installation and a large-scale commercial terminal serving multiple third parties.

Further, certain aspects of the broader licensing and regulatory framework may be of limited or no relevance to a restricted self-use operator. By way of illustration, provisions relating to trade contracts, market facing commercial arrangements, and economic and competition regulation

may not arise where there is no resale, supply or participation in a downstream market. In such circumstances, regulatory requirements designed to address market power, third party access or contractual transparency would have limited practical application.

The proposed modification therefore promotes coherence within the regulatory framework. It maintains fidelity to the statutory definitions under the NGA, while ensuring that regulatory obligations correspond in substance to the nature, scale and effect of the activity undertaken. In doing so, it strengthens both proportionality and enforceability within the NGS regime.

5 Conclusion and Next Steps

In this document, URCA has presented its proposed standard licence modification. This consultation also raises the following consultation questions which are outlined below:

Question 1: *Do respondents agree that the proposed restriction on commercial activity provides a clear and objective distinction between self use operators and commercial market participants within the NGS? If not, what alternative approach would better achieve that distinction while remaining consistent with the NGA?*

Question 2: *Is the definition of “own consumption and internal operational purposes” sufficiently precise and workable in practice? Are there any activities which ought expressly to be included or excluded within that definition?*

Question 3: *Do respondents consider the proposed volumetric threshold of 12,000 metric tonnes per calendar year to be an appropriate proxy for limited scale, self-use activity? If not, what alternative threshold or methodology should be adopted, and on what evidential basis?*

Question 4: *Is the mechanism permitting URCA to specify an alternative volume in writing sufficiently transparent and predictable? Should additional criteria or guidance be articulated in the regulatory framework?*

Question 5: *Do respondents agree that the financial and enforcement consequences set out in paragraph 4 of the proposed clause are proportionate and sufficient to deter noncompliance? If not, what modifications would better align deterrence with proportionality?*

Question 6: *Do respondents consider that any additional safeguards, conditions or clarifications are required to ensure that the restricted regime cannot be used to distort competition or circumvent the full regulatory framework applicable to commercial operators?*

URCA welcomes reasoned submissions supported, where possible, by evidence, operational data or comparative regulatory experience. 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.**

Submission of Feedback

Persons wishing to provide feedback may do so by accessing the link and completing the online form, or alternatively by accessing the form through the QR code provided below. The online version of the feedback form may also be accessed by scanning the following QR code.



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.