



# **ADJUDICATION**

## ***APPLICATION FOR APPROVAL OF CHANGE IN CONTROL OF GRAND BAHAMA POWER COMPANY LIMITED***

**ES 12/2026**

**Issued: 05 May 2026**

**ADJUDICATION made pursuant to section 42 of the Electricity Act, 2024**

**AND**

**IN THE MATTER OF a Request for Approval to Implement a Change in Control  
of Grand Bahama Power Company Limited**

**WHEREAS:**

1. On 6 March 2026, the Utilities Regulation and Competition Authority ('URCA') received from Grand Bahama Power Company Limited ('GBPC' or 'the Licensee') and Grand Bahama Energy Company Limited ('GBEC' or 'the Acquirer'), a Notification in which the Licensee and the Acquirer (jointly referred to as 'the Parties') requested URCA's consent to a proposed Transaction in which the Acquirer will purchase 100% of all the issued ordinary shares of the Licensee ('the Transaction') from the Licensee; and
2. Section 42 of the Electricity Act (EA) requires an Acquirer or Licensee to apply to URCA for approval to implement a change of control of a licensee by notifying URCA of the proposed transaction; and
3. Condition 8 of the Licensee's Public Electricity Supplier's Licence (PESL) requires that the Licensee shall obtain URCA's written approval of any change in control of the Named Licensee or any Subsidiary Undertaking prior to the change in control occurring; and
4. URCA, having given the Acquirer, Licensee, members of the public in The Bahamas, and any other interested person a reasonable opportunity to submit representations regarding the Transaction, has given due consideration to all such representations received.

**NOW** pursuant to section 46(2) of the Electricity Act, 2024 (EA), URCA makes the following Adjudication:

**URCA's Statutory Considerations in granting approval of a Change in Control**

In accordance with section 44 of the EA, upon receiving a notification for a change in control, URCA reviewed the application to form an opinion whether a proposed change in control of a Licensee: would have, or be likely to have, the effect of substantially lessening competition in a market in The Bahamas; and would be likely to have an effect, contrary to the public interest. URCA has taken into account its analysis of the relevant markets and finds that the change in control contemplated by the Transaction would not have either of the adverse effects set out in section 44.

**URCA's Approval to the Implementation of the Change in Control**

On the basis of the findings set out in the Summary of Deliberations and Reasons (hereto attached), URCA hereby grants its consent to the implementation of a change in the control of the Licensee (for the purposes of section 42 of the EA) to the Acquirer as set out in the Notification submitted to URCA.

## SUMMARY OF DELIBERATIONS AND REASONS

### 1. INTRODUCTION

- 1.1 URCA is the independent regulator, established under the Utilities Regulation and Competition Authority Act, 2009 (URCA Act). URCA's powers, functions and duties in relation to competition within the Utilities and Energy Sector (UE) are set out in the URCA Act and the Electricity Act, 2024 (EA). URCA's role includes the regulation of the electricity sector and its licensees within the legislative framework.
- 1.2 This summary of deliberations and reasons sets out URCA's analysis in accordance with Section 50 of the EA premised on the proposed Transaction notification received in accordance with section 42 of the EA. In accordance with sections 44 and 45 of the EA, URCA has undertaken its analysis in a manner which is consistent with international best practice.

## 2. BACKGROUND

- 2.1 This Adjudication is issued by the Utilities Regulation and Competition Authority (URCA) pursuant to section 46 of the Electricity Act 2024 (“the Act”) in the matter of an application by Grand Bahama Energy Company (“GBEC” or the “Acquirer”) for URCA’s approval of the implementation of a change of control of Grand Bahama Power Company (“GBPC”), an URCA Licensee.
- 2.2 Section 42 to Sections 47 of the Act sets out the merger control provisions that apply to URCA. Under section 42(1) of the Act, no person shall implement a change in control of a licensee without obtaining the prior written approval of URCA. Failure to obtain the written approval of URCA makes the parties to the transaction liable to an offence and/or URCA’s regulatory enforcement. Under section 43, a “change in control” occurs in relation to a licensee when a person, either alone or with any affiliated company, becomes the beneficial owner or voting controller of more than thirty percent of the voting shares in the licensee, inter alia.
- 2.3 Grand Bahama Energy and Grand Bahamas Power Company (collectively referred to as “the Parties”) are about to enter into a Purchase and Sale Agreement (“the Agreement) whereby GBEC will purchase the entire ordinary shares of GBPC.
- 2.4 Emera Utilities Holdings Limited (Emera) and ICD Utilities Limited (ICD) (as nominee of Emera Utilities Holdings Ltd.) each hold 50% of the issued ordinary shares of GBPC. GBEC will acquire 100% of the issued ordinary share capital of GBPC, thereby becoming the voting controller of all of the ordinary shares of GBPC (“the Transaction”). As voting control of GBPC gaining more than 30% of the voting shares in GBPC, the Transaction will constitute a “*change in control*” of GBPC within the meaning of section 43 of the Act and requires URCA’s approval before it can be implemented.
- 2.5 On 6 March 2026, the Parties submitted to URCA a Notification Form (with accompanying documents) in compliance with the Electricity Act and URCA’s “*Competition Guidelines URCA 02/2024*” seeking regulatory approval of the proposed change of control of GBPC. The accompanying documents in support of the Notification Form included the following:
- i. *A copy of GBPC’s PESL.*
  - ii. *The audited financial statements for GBPC as of financial year-end 2022, 2023, and 2024.*
  - iii. *GBPC’s Register of Members.*
  - iv. *GBPC’s Register of Directors.*
  - v. *A chart of GBPC’s ownership structure.*
  - vi. *GBEC’s Register of Directors and Officers.*
  - vii. *GBEC’s Certification of Incorporation.*
  - viii. *GBEC’s Memorandum of Association.*
  - ix. *GBEC’s Articles of Association.*
- 2.6 On 31 March 2026 URCA commenced a public consultation by issuing a Notice of Proposed Change in Control of Grand Bahama Power Company (“The Notice”). The consultation was published on URCA’s website on 31 March 2026 and advertised in the national newspapers during the week of 31 March 2026. The Notice provided a description of the Transaction and invited representations from interested persons which were to be submitted to URCA on or before 1 May 2026. The Notice

was issued in accordance with URCA's Standard Consultation Procedure URCA 05/2021.

- 2.7 On 29 March 2026, McKinney Bancroft and Hughes, acting as legal representative for the Licensee, wrote a letter to URCA in support of the Acquirer's notification to URCA seeking approval for the change in control of GBPC. The letter also added the caveat that a PESL was issued by URCA to GBPC on 1 May 2018 however this licence was never accepted by GBPC and the matter of whether GBPC is in fact a 'holder' of the licence remains in dispute. The dispute remains the subject of litigation in the Supreme Court of the Commonwealth of The Bahamas.
- 2.8 On 4 May 2026, the Acquirer submitted the draft copy of the Purchase and Sale Agreement along with additional information to URCA regarding the transaction. The additional information provided included further details on the type and purpose of the Transaction; detailed reasoning for the change in control; whether GBPC considered any alternative buyers; an explanation of whether the Acquirer will purchase GBPC's debt, purchase agreements, or any other agreements; written confirmation that third parties currently involved in operations of GBPC will continue to support the operation; confirmation that the Acquirer is involved in other sectors; and a brief description of why the Acquirer considers itself to be fit and proper to operate electricity service. The Acquirer also stated in its cover letter that upon completion of the acquisition of shares in the Licensee, the Acquirer will recognise and accept URCA as its regulator and agrees to comply with the provision of the EA.
- 2.9 URCA has reviewed all the relevant information submitted and has ensured that none of the Parties' confidential information is included or disclosed in this document.

### 3 THE PARTIES

#### ***The Licensee – Grand Bahama Power Company Limited***

- 3.1 A PESL was issued by URCA on 1 May 2018 which authorises the Licensee to generate, transmit, distribute, and supply electricity for public and private purposes in the Service Territory subject to the conditions set out in the Licence. The Licensee is a supplier of electricity services on the island of Grand Bahama. Emera Utilities Holdings Limited is the existing owner of GBPC.

#### ***The Acquirer – Grand Bahama Energy Company Limited***

- 3.2 The Acquirer is a company duly incorporated in The Bahamas on 24 February 2026 in accordance with the laws of the Commonwealth of The Bahamas. The Acquirer is a private company wholly owned by the Government of The Bahamas. The Acquirer confirmed that it is connected to and involved in other sectors in The Bahamas beyond electricity including water and telecommunications.

### 4 THE TRANSACTION

- 4.1 The proposed transaction is an outright purchase of 100% ordinary shares of GBPC. The Acquirer intends to purchase all the issued ordinary shares of GBPC which represents shares from Emera Utilities Holdings Ltd. and shares from IDC Utilities Limited. The parties are in the process of finalizing the Purchase and Sale Agreement.

- 4.2 The Acquirer explained that Emera Utilities Holdings Limited, the existing owner of GBPC, sought to exit its ownership of GBPC. The Acquirer stated that it saw the proposed acquisition as an opportunity to improve coordination, governance, and operational efficiency across publicly supported electricity utilities. Additionally, the proposed acquisition is intended to support a more integrated sector structure with stronger central oversight and shared capabilities and align GBPC with the Government's broader electricity sector reform agenda. The Acquirer added that the change in control is intended to facilitate closer coordination of GBPC with the wider national electricity system.
- 4.3 URCA takes notice that the Government of The Bahamas tabled two resolutions in Parliament to borrow a total of \$280 million. The first resolution seeks the Government's approval to borrow \$200 million from a consortium of banks led by Standard Chartered Bank for the acquisition of the ordinary shares of GBPC. The second resolution seeks approval for Government to guarantee \$80 million from the Royal Bank of The Bahamas to support capital expenditure and working capital needs.
- 4.4 The Acquirer confirmed that the Transaction will be supported by a loan from Standard Charter and Scotiabank. In addition, the Royal Bank of Canada is providing the Acquirer an \$80 million loan facility for working capital.
- 4.5 The Acquirer stated that it is intended that GBPC will, following the completion of the Transaction, operate within a broader Special Purchase Vehicle structure under which certain functions may be coordinated or integrated with those of other Bahamian electricity companies, including BPL. The Acquirer also confirmed that there is no current plan to unify GBPC and BPL into a single operating company and that existing operating personnel will remain in place and will transfer as part of the Transaction.

## **5 CHANGE IN CONTROL**

- 5.1 Under section 43 of the EA, a change in control in relation to a licensee where a person, either alone or with an affiliated company, occurs when a person, either alone or with any affiliated company:
- (a) acquires control (including by the acquisition of voting shares), by virtue of any powers conferred by the memorandum or articles of association or other instrument regulating the licensee or any other corporation or otherwise, to ensure that strategic decisions of the licensee are conducted in accordance with the wishes of that person;
  - (b) becomes the beneficial owner or voting controller of more than thirty percent of the voting shares in the licensee; or
  - (c) becomes the beneficial owner or voting controller of more than fifteen percent of the voting shares but not more than thirty percent of the voting shares in the licensee concerned unless that person, either alone or with any affiliated company:
    - (i) is not, or does not concurrently become, the beneficial owner or voting controller of more than five percent of the voting

shares in any other licensee; and

(ii) does not have the power (including by the holding of voting shares), or does not concurrently acquire control (including by the acquisition of voting shares), by virtue of any powers conferred by the memorandum or articles of association or other instrument regulating any other licensee or any other corporation or otherwise, to ensure that the affairs of such other licensee are conducted in accordance with the wishes of that person.”

5.2 The requirements of the share threshold test in section 43(b) are satisfied in that the Acquirer will become the beneficial owner (and voting controller) of more than thirty percent of the voting shares in the Licensee.

5.3 As stated above, the Licensee is the holder of a PESL issued by URCA under the EA. Accordingly, the Transaction is a change in control of a licensee which, pursuant to section 42 of the EA may not be implemented without having obtained the prior written approval of URCA.

5.4 Section 46 of the EA provides that URCA’s decision in respect of a request for approval of a change in control of a licensee is to be given by way of Adjudication. URCA has followed the procedures established for the making of adjudications under section 46, which are set out in the EA and further expanded by the Competition Guidelines (URCA 05/2024).

## **6 QUESTIONS TO BE DETERMINED, THE REVIEW PROCESS, AND URCA’S APPROACH**

6.1 An Acquirer must apply to URCA in writing for an approval by notifying URCA within seven calendar days of concluding an agreement, or announcing a public bid, that would result in a change in control of a licensee.

6.2 The notification must be submitted in the form prescribed by the Competition Guidelines URCA 05/2024 and include specifics of the transaction, information about the acquirer and the licensee, financial information of the persons involved in the transaction, contact information, information about the companies and market information.

6.3 Section 44 of the EA provides that URCA, on receiving a notification of a change in control of a license under section 42(3) shall form an opinion on whether “*a proposed change of control of a licensee-*

*(a) would have, or be likely to have, the effect of substantially lessening competition in a market in The Bahamas; and*

*(b) whether the change in control would have an effect or would be likely to have an effect contrary to the public interest.”*

6.4 URCA shall, within thirty calendar days of receiving a notification and before forming any opinion or issuing any adjudication give the Acquirer, the licensee and any interested persons a reasonable opportunity to make representations; and consider the representations, if any, made.

6.5 As set out in section 47(1), URCA shall promptly review a complete notification under section 42(3) and shall within thirty calendar days of receiving representations pursuant to section 46(2):

*(a) Issue its adjudication under section 46(1)(a) or 46(1)(b)(ii) or 46(1)(b)(iii); or*

*(b) Inform the Acquirer and the Licensee that URCA is opening an in-depth investigation into the change in control under section 47(2).*

6.6 URCA may open an in-depth investigation where it considers that there is significant prospect that the change in control is likely to have one or both of the adverse effects set out in section 44 of the EA and the parties have not volunteered any proposals to address URCA's concerns. In the event that URCA opens an in-depth investigation, URCA must issue its adjudication within ninety (90) days.

6.7 Under section 47(4) of the EA, the timetable for URCA to issue its adjudication is paused if further information is requested and will restart from the date when URCA receives a complete response to its request.

6.8 In the event that URCA determines that a change in control of a licensee would not have the adverse effects listed in section 44 of the EA, section 46(1)(a) provides that URCA shall issue an adjudication giving consent to the change in control.

6.9 In the event that URCA forms the opinion that the proposed change of control would have the adverse effects listed in section 44 (a) or (b) of the EA, section 46(1)(b) provides that URCA shall take one of the following actions-

*(a) declare the merger incompatible with the adverse effects URCA has formed the opinion it would have and deny its consent; or*

*(b) give consent subject to an order that the acquirer or the licensee concerned takes the action that URCA considers necessary to eliminate or avoid any such effects; or*

*(c) give consent without issuing an order under subsection (ii) if URCA is satisfied that any substantiated and likely efficiencies put forward by the acquirer or the licensee are necessary and outweigh any potential harm to consumers and citizens.*

## **7 MARKET IMPACT CONSIDERATION AND PUBLIC INTEREST**

7.1 URCA considers that the proposed acquisition of the Grand Bahama Power Company (GBPC) is unlikely to have the effect of substantially lessening competition in any relevant market in The Bahamas. The current electricity market in Grand Bahama effectively constitutes a natural monopoly characterised by the presence of a single licensed provider. In this context, the proposed acquisition does not result in the removal of an existing competitor, nor does it prevent the emergence of effective competition. Based on the proposed transaction, the structure of the market effectively remains unchanged with GBEC continuing as the sole provider of transmission and distribution services.

7.2 Further, GBEC will be subject to ongoing regulatory oversight by URCA. GBEC has demonstrated its willingness to accept regulatory oversight aligned with the laws of the Commonwealth of The Bahamas, including regulatory compliance.

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### The Counterfactual

7.3 In order to assess whether a merger is likely to result in a substantial lessening of competition, URCA typically considers what would happen if the parties did not merge. This is known as the counterfactual. URCA begins with the presumption that the counterfactual scenario is the *status quo* prior to the proposed merger. This presumption may be rebutted by the merging parties or disregarded by URCA in light of the facts surrounding the merger. In analyzing the counterfactual, URCA compared the potential effects of the merger on the market with the pre-merger scenario. URCA believes that in this instant case, the proposed merger is not likely to have any effect so as to result in a substantial lessening of competition.

### Barriers to Entry and Expansion

7.4 As a part of its Merger assessment, URCA may consider the extent to which there may be barriers which adversely affect the likelihood, timeliness and sufficiency of other players' ability to enter (or expand in) the market. URCA notes that the market naturally supports one operator. As a result, URCA has not found that the proposed transaction is likely to result in any harmful effects to competition in the relevant markets.

### Closing Statement

7.5 URCA notes that the relevant electricity market exhibits the characteristics of a natural monopoly such that the proposed transaction does not materially alter the existing market structure or move any active competitive constraint(s).

7.6 After careful review, URCA is satisfied that the proposed transaction will not have or is likely to have the effect of substantially lessening competition in a market in The Bahamas.

## **8 REPRESENTATIONS FROM INTERESTED PARTIES AND URCA'S RELEVANT RESPONSE**

8.1 URCA is required by Section 46(2) of the EA, in determining whether to give its consent to the change in control, to give the Acquirer, the Licensee and any interested persons a reasonable opportunity to make representations; and to consider the representations made. Detailed representations were made by the Acquirer and the Licensee in the Notification.

8.2 URCA published a notice of the proposed Transaction on its website on 31 March 2026 and advertised the notice in the national newspapers during the week of 31 March 2026. The notice provided a description of the Transaction and invited representations from interested persons which were to be submitted to URCA on or before 1 May 2026.

### Overview of Submissions Received

8.3 At the close of the consultation period, URCA received written submissions from Dillon Knowles and Wilfred Smith.

8.4 Dillon Knowles did not consider the proposed Transaction to be in the best interest of the public for the following reasons:

*8.4.1 According to Mr. Knowles, the proposed Transaction is contrary to the National Energy Policy. The current National Energy Policy acknowledges Bahamas Power and Light's (BPL) failure to effectively*

*and efficiently provide a reliable supply of electricity to the country (excluding Grand Bahama) while incurring insurmountable debt in the process, noting that BPL does not have the means to solicit additional debt to fund its replacement and modernisation needs. The Government's solution currently being implemented is to outsource wholesale supply to various private providers under Power Purchase Agreements with Government 'Letters of Comfort' that taxpayers will fund any shortfall in payables that BPL may incur for the purchased supply. Mr. Knowles continued that the transmission and distribution infrastructure in New Providence has been divested to a private provider with another contractual agreement for services rendered. At the same time that the Government is outsourcing electricity supply country-wide, the Government proposes to acquire a private supplier of electricity in Grand Bahama and backing two loans for its acquisition and upgrade.*

8.4.2 *Mr. Knowles expressed that no explanation was given about the legal structure of GBEC.*

8.4.3 *Mr. Knowles expressed concern about the initial capital cost to taxpayers, adding that taxpayers are being asked to shoulder the cost of a transaction that is unnecessary as the supply and maintenance already exist with a private provider.*

8.4.4 *The operator experience of GBEC was not provided. Mr. Knowles considered reliability and quality of service to be a necessity to Grand Bahama's industrial economy.*

8.4.5 *The Government's stated objective with the proposed acquisition is to ensure consistency of the price of electricity to customers across the country, which Mr. Knowles interprets as having taxpayers subsidise the price of electricity across the country. Mr. Knowles emphasized that the national cost of electricity exceeds the price charged hence BPL's significant and unsustainable debt. In Mr. Knowles's view, the acquisition of GBPC is likely to increase the cost of electricity supply beyond the replacement and modernisation cost that Emera is currently facing. Mr. Knowles considers that Grand Bahama will give up its best-in-class service for the illusion of a price reduction.*

8.4.6 *Future expansion costs will fall to the taxpayers. Private capital has been more efficient and effective to responding to the need for expansion capital.*

8.4.7 *Mr. Knowles suggested the following alternatives: the provision of a direct voucher subsidy to Grand Bahama customers to offset the difference in price charged by GBPC; or have BPL take over the retail of electricity in Grand Bahama with a power purchase agreement with GBPC for wholesale electricity, with BPL providing a discount to customers in the same manner that it does for the rest of the country. Neither of these options requires the acquisition of GBPC.*

8.5 Wilfred Smith stated that if URCA were to approve the Transaction, this would eliminate competition in the electricity market. Mr. Smith also suggested that URCA should recommend there to be a third private provider in the electricity market to guarantee competition. Mr. Smith did not provide any explanation to support his position. Mr. Smith also requested that URCA postpone consideration of the proposed Transaction until after the general election which the public is currently focused on. Mr. Smith's submission included a comparison of electricity rates in New Providence and Grand Bahama that appear to have been taken from the National Energy Policy. Mr. Smith also requested the resolutions that were tabled by the Government to acquire the funding to purchase GBPC. The submission was accompanied by supporting documents, correspondence with public officials, and promotional materials relating to alternative energy initiatives.

8.6 No other submissions were received.

#### Closing Statement

8.7 In determining whether the acquisition would have an effect or is likely to have an effect contrary to public interest, URCA considered the current state of affairs in Grand Bahama with electricity supply, the reluctance of GBPC as a licensee to submit to regulatory oversight, and conversely the commitment from *Adjudication: Application for Approval of Change in Control of Grand Bahama Power Company Limited*

GBEC to accept URCA and the statutory and regulatory obligations enshrined in the EA. URCA is satisfied that the proposed transaction is capable of supporting the continued provision of essential electricity services to the Island of Grand Bahama, as well as supporting regulatory compliance, and the broader public interest objectives of the EA.

## 9 URCA'S DECISION

- 9.1 **WHEREAS** URCA having considered the relevant matters set out in the EA and URCA's Competition Guidelines 05/2024, URCA has concluded that the change in control of the Licensee as set out in the Notification and approval request of the Acquirer Notification would not have either of the adverse effects set out in Section 42 of the EA, namely the effect of substantially lessening competition in a market in The Bahamas; or would have an effect, or would be likely to have an effect, contrary to the public interest.
- 9.2 Having regard to the above, URCA has determined that approval is granted provided that the transaction is implemented strictly in accordance with the structure and terms presented to URCA and subject to the following conditions to ensure continued compliance and regulatory oversight:
- (a) Payment of the prescribed application fee (Change of Control);*
  - (b) Full settlement of all outstanding regulatory fees owed by GBPC, totaling \$4,347,435.77, together with all applicable legal costs;*
  - (c) Copies of agreement(s) governing the proposed acquisition; and*
  - (d) Prompt written notification to URCA of the completion of the transaction and copies of the agreement(s), (in any event no later than five (5) calendar days following completion);*
- 9.3 URCA's approval is granted without prejudice to any other approvals or requirements that may be necessary under applicable laws or regulations and any material deviation from the structure and terms presented to URCA shall render the issued approval null and void.
- 9.4 URCA reserves the right to take any regulatory, supervisory, or enforcement action it deems necessary or appropriate to discharge its duties in accordance with Section 13 of the EA.