



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

**Statement of Results and Final Decision**

**NGS 17/2026**

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# 1 Introduction

The Natural Gas Act, 2024 (NGA) came into force on 1 June 2024. The NGA established 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 national energy mix.

As the independent regulator of the NGS, URCA is responsible for developing the regulatory framework for the effective and efficient regulation of the sector in accordance with the NGA, in a manner that is transparent and non-discriminatory. In particular, pursuant to sections 8 and 31 of the NGA, URCA is mandated to grant licences for all NGS activities, including the import, transport, shipping and retail of natural gas, as well as the operation of terminals.

Since its designation in 2024, URCA has developed a comprehensive suite of regulatory instruments, including licences issued following its Statement of Results and Final Decision (NGS 02/2024), and subsequent supplementary materials issued on 25 February 2026 (NGS 09/2026). The current licence architecture encompasses multiple licence types across the sector.

Since the coming into force of the sector, which remains relatively new, 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.

In issuing licences, URCA has adopted the practice of applying standard licence conditions across licence types, in fulfilment of its obligation to act in a non-discriminatory manner between classes of licensees. At the same time, URCA retains statutory powers to modify licence conditions, including in respect of licences already issued, and has exercised such powers on a class basis where appropriate.

URCA recognises that the sector comprises distinct categories of participants. On the one hand, there are larger undertakings which conduct licensed activities as a going commercial concern and as a discrete business activity. On the other hand, there are smaller undertakings which operate on a non-commercial, self-use basis, where the licensed activity is ancillary rather than a standalone commercial enterprise.

Notwithstanding this distinction, URCA remains under a statutory obligation to regulate all relevant activities falling within the scope of the NGA. This obligation extends fully to smaller, self-use entities, which continue to require regulation and appropriate monitoring within URCA's regulatory remit. URCA does not, therefore, absolve such entities from regulatory oversight.

However, URCA considers that effective regulation must be proportionate. Regulatory provisions designed primarily for fully commercial operators may not be appropriate when applied without modification to smaller, self-use entities that are not engaged in commercial supply or trading. In this regard, URCA recognises that the nature, scale and associated risks of activities differ across these categories, and that the regulatory concerns arising in each case are not identical.

Accordingly, URCA proposes to adopt a differentiated but non-discriminatory approach. This includes the potential development of a standard restriction which licensees may elect to adopt, subject to objective qualification criteria. Such a restriction would limit the scope of permitted activities, for example by reference to volume, capacity, or restrictions on onward commercial supply. In exchange, licensees would be subject to a modified regulatory framework calibrated to their reduced market impact and risk profile.

URCA’s proposed framework does not represent a relaxation of regulatory oversight. Rather, it reflects a structured and principled approach to ensuring that all activities within the scope of the NGA remain regulated and appropriately monitored, while recognising that different categories of licensees give rise to different regulatory considerations.

Through objective differentiation within a coherent licensing regime, URCA seeks to ensure that regulation of the NGS remains transparent, proportionate, and non-discriminatory, while responsive to the evolving structure of the sector.

Accordingly, on 19 March 2026 URCA issued a Consultation Document entitled “NGS Non-commercial (self-use) Restriction Licence Modification” (NGS 10/2026)<sup>1</sup>, which set out its proposal to develop a standard licence modification that may, on an optional basis, be incorporated into certain licences within the natural gas sector. Interested parties were invited to submit comments by 2 April 2026. URCA received responses from Baker’s Bay Utility Ltd (BBUL) and RenugenPro Ltd (Renugen).

The purpose of this document is therefore to set out the results of the consultation, including a summary of the feedback received, and to outline URCA’s Final Decision together with any amendments made as a consequence of that feedback.

## 1.1 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 has exercised its power;
Section 3:	Provides a summary and analysis of comments received and URCA’s final decision;
Section 4:	Conclusion and Next Steps;
Annex	The licence condition

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<sup>1</sup> <https://urcabahamas.bs/consultations/urca-launches-public-consultation-on-optional-modification-to-standard-natural-gas-licence-ngs-10-2026/>

## 2 Legal Framework

This section sets out the legal basis on which URCA issues the regulatory measures addressed in this Statement of Results and Final Decision.

URCA is empowered to carry out regulatory functions pertaining to licensing within the NGS sector pursuant to sections 8(1)(a) and 8(3)(g) of the Natural Gas Act (NGA). These functions include, inter alia, the issuing, suspension, variation and revocation of licences.

Further, pursuant to section 17 of the NGA, no individual or entity may undertake any activity within the NGS which URCA determines requires a licence. URCA is accordingly empowered under the NGA to issue licences and to determine the conditions of those licences, having regard to the principles and requirements of the NGA.

In this regard, section 35 NGA further provides that a licence may include such restrictions or conditions, whether or not relating to the activities authorised by the licence, as appear to URCA to be requisite or expedient having regard to URCA's functions and duties under the NGA. This provision reinforces URCA's discretion to impose, and where appropriate modify, licence conditions in a manner consistent with its statutory mandate.

In exercising these powers, URCA is further required to ensure compliance with section 6 of the NGA, which establishes guiding principles for regulation and governmental measures within the sector.

Having regard to the foregoing powers and guiding principles, URCA considers that the cumulative effect of these provisions provides a clear statutory basis for the issuance of the regulatory measures set out in this Statement of Results and Final Decision, namely the establishment of a standard licence modification applicable to certain categories of licensee. URCA is further satisfied that the regulatory measures adopted are consistent with these statutory requirements.

In particular, the measures have been developed with due regard to proportionality, transparency and non-discrimination, and are directed towards advancing the objectives of the NGS policy framework in circumstances where reliance on market forces alone would be insufficient.

### **3 Summary of Comments and URCA's Responses**

This section sets out a summary of the comments received from members of the public, licensees, and other interested parties in response to the Consultation Document, together with URCA's analysis of those responses and its Final Decision.

URCA confirms that it has duly considered all written submissions received. However, not every submission or point raised has been expressly addressed in this Statement of Results and Final Decision. The absence of an express response to any particular comment should not be taken as indicating URCA's agreement, in whole or in part, with that comment, nor as suggesting that it was not considered or was without merit.

#### **3.1 General Comments received on the consultation**

##### **Respondent: RenugenPro Ltd**

Renugen's submission did not directly address the proposed licence condition under consultation. Rather, it advanced a broader position that its planned LNG facilities, forming part of an integrated electricity generation project, should be exempt from the requirement to obtain a licence. In this regard, RenugenPro urged URCA to exercise its powers under section 18 of the NGA to grant a full exemption in respect of this category of activity.

Renugen submitted that its LNG infrastructure should not be characterised as a commercial gas sector activity requiring full licensing. It explained that the facilities are ancillary to a captive electricity generation plant operating under a Power Purchase Agreement and therefore fall outside the intended regulatory scope of licensing provisions designed for market-facing gas activities.

In support of this position, Renugen advanced several principal arguments. First, it emphasised that the LNG facilities are strictly captive and non-market in nature, as they will not supply, transport, or trade gas to third parties, nor connect to any public gas network. Secondly, it contended that the imposition of full licensing requirements would be disproportionate, given that such requirements are designed for commercial terminal operators rather than integrated generation facilities. Thirdly, it highlighted the integrated and ancillary nature of the infrastructure, noting that it has no independent commercial function and operates solely in support of electricity generation. Finally, it submitted that granting an exemption would be consistent with broader policy objectives, including facilitating efficient investment, supporting lower-emission energy generation, and promoting reliable and cost-effective energy supply.

## **URCA's Analysis & Response**

URCA notes that Renugen's submission does not directly address the specific licence modification under consultation, but instead raises a broader question as to whether certain self-use activities should be exempt from licensing altogether pursuant to section 18 of the NGA. Notwithstanding this, URCA has carefully considered the substance of the submission, including the proposal for full exemption.

URCA acknowledges the force of Renugen's position that, in circumstances where LNG facilities are deployed solely on a captive, non-commercial, self-use basis, many of the economic and commercial regulatory provisions applicable to market-facing operators may not be appropriate. In particular, where an entity is not engaged in commercial importation, trading, or supply of natural gas, the application of economic regulatory requirements designed for such activities may be disproportionate.

However, URCA considers that the requirement for licensing under the NGA extends beyond economic regulation. As the sector regulator, URCA's statutory remit encompasses not only commercial and economic oversight, but also technical, operational, safety, health, and environmental considerations. These aspects of regulation are of fundamental importance irrespective of whether an activity is conducted on a commercial or self-use basis. Accordingly, URCA does not consider that a full exemption from licensing would be appropriate in circumstances where regulated infrastructure and activities remain within the scope of the NGA.

Having regard to these considerations, URCA is of the view that the proposed licence modification represents a proportionate and appropriate regulatory response. The modification provides a structured mechanism through which entities operating on a non-commercial, self-use basis may be subject to a tailored set of regulatory obligations, while remaining within the licensing framework. This approach ensures that core regulatory oversight, particularly in relation to safety, technical standards, and environmental protection, is maintained.

At the same time, the restriction operates to limit the scope of permitted activities, including by prohibiting engagement in commercial gas market activities. Consequently, regulatory measures which are specifically designed for commercial operators will not apply where they are not relevant to the nature of the restricted activity. In this way, the modification directly addresses the principal concern raised by Renugen, namely the imposition of disproportionate regulatory burdens, while preserving the integrity of the statutory licensing regime.

URCA therefore considers that the adoption of the licence modification more appropriately balances the objectives of proportionality and effective regulation than a full exemption. It ensures that entities engaged in self-use activities are not subject to unnecessary economic regulation, while confirming that such entities remain subject to licensing and to the broader regulatory oversight required under the NGA.

### **Respondent: Baker's Bay Utility Ltd.**

BBUL submitted that the regulatory framework should make clear that operators engaged in self-use activities are not required to obtain separate licences. Its response emphasised the importance of clarity within the licensing regime, particularly in relation to entities whose activities are ancillary and non-commercial in nature.

### **URCA's Analysis & Response**

URCA notes BBUL's request for clarity that self-use operators should not be required to obtain separate licences. In this regard, URCA reiterates that the requirement to obtain a licence is determined by the provisions of the NGA, which define the categories of licensable activities within the NGS.

Under the NGA, where an entity undertakes an activity falling within a defined licensable category, such as the importation, transportation, or operation of a terminal or facility for natural gas, that entity is required to obtain the relevant licence. This requirement applies irrespective of whether the activity is conducted on a commercial or self-use basis. Accordingly, the introduction of the proposed licence modification does not remove or replace the statutory requirement to obtain a licence.

URCA emphasises that the proposed modification is not an exemption. Rather, it is a condition or restriction that may be incorporated into an existing licence. Its effect is to limit the scope of the licensed activities to non-commercial, self-use purposes. In doing so, it ensures that the licensee remains within the regulatory framework established by the NGA, while allowing for a more proportionate application of regulatory obligations.

As set out in the Consultation Document (NGS 10/2026) and this Statement of Results and Final Decision, URCA considers that a full exemption from licensing would not be appropriate in circumstances where the activity in question falls within a licensable category under the NGA. In particular, certain licence types are inherently commercial in nature. For example, the retail of natural gas is, by definition, a commercial activity requiring a licence. In such cases, the insertion of a self-use restriction would not be appropriate, as it would be inconsistent with the fundamental character of the licensed activity.

This does not create an exemption from licensing. Rather, it reflects the position that where an entity is engaged solely in self-use activities, it is unlikely to require certain categories of licence, such as a retail licence, in the first instance. The proposed modification therefore operates within, and does not displace, the statutory licensing framework established by the NGA.

### 3.2 Responses received to specific consultation questions

Document Reference	Summary of Response	URCA's Analysis & Comment	Final Decision
Q1. Do you have any comments on the overall proposed licenses to supplement the regulatory structure for natural gas in The Bahamas?	<p>BBUL expressed support for the proposed restriction, noting that it provides a clear distinction between self-use operators and commercial market participants.</p> <p>BBUL explained that it operates a closed-loop system in which LNG is imported solely for internal electricity generation and is not introduced into the broader natural gas market.</p>	URCA thanks BBUL for its comment and its support for the proposed restriction.	No change required.
Q2. 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?	<p>BBUL indicated that it considers the proposed definition to be sufficiently precise and workable in practice. It further recommended that the framework should explicitly clarify that self-use operators are not required to obtain separate licences for LNG import, transport, shipping, or storage where such activities are undertaken solely for internal electricity generation. BBUL emphasised that these activities form part of a single, integrated utility function rather than distinct licensable operations.</p>	URCA thanks BBUL for its comment and its support for the proposed definition. As it relates to the clarification sought in relation to the requirement of a licence, URCA repeats its response to BBUL's general comment which repeated this question.	No change required.
Q3. 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?	BBUL agreed that the threshold was a reasonable benchmark.	URCA thanks BBUL for its comments.	No change required.
Q4. Is the mechanism permitting URCA to	BBUL agreed with the flexible indicated that it was	URCA thanks BBUL for its comments and	

specify an alternative volume in writing sufficiently transparent and predictable? Should additional criteria or guidance be articulated in the regulatory framework?

unsure about how fees would scale with volume.

support for the proposed restriction.

URCA notes that two criteria must be satisfied in order for a licensee to qualify for the proposed restriction. The first is activity-based, namely that the relevant activities are undertaken on a self-use basis. The second is volume-based, reflecting the scale of natural gas handled. URCA emphasises that these criteria are cumulative rather than disjunctive, such that both must be satisfied in order for the restriction to apply.

URCA further clarifies that the restriction is not limited solely to the distinction between commercial and non-commercial activity. While non-commercial, self-use is a necessary consideration, URCA may determine that, due to the volume of natural gas involved and the associated regulatory considerations, certain activities should not fall within the scope of the restriction. That volume as per the current standard restriction is 12,000 metric tonnes. In such cases, the scale and potential impact of the activity may justify the application of the full regulatory framework notwithstanding the absence of commercial gain.

As regards fees, URCA confirms that all applicable fees are set

		out in its published fee schedule, which is available on URCA's website.	
Q5. 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?	BBUL agreed and expressed their view that the requirements are fair and clearly articulated. BBUL further contended that closed-loop systems do not pose risk of competitive distortion.	URCA thanks BBUL for its comments.	No change required.
Q6. 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?	BBUL agreed and expressed their view that the requirements are fair and clearly articulated. BBUL further contended that closed-loop systems do not pose risk of competitive distortion.	URCA thanks BBUL for its comments.	No change required.

## **4 Conclusion and Next Steps**

With the publication of this Statement of Results and Final Decision, URCA formally concludes the public consultation on the optional modification to the standard licence conditions in the natural gas sector.

URCA extends its appreciation to all respondents for their participation in the consultation process and for the submission of comments and recommendations, which have provided valuable insight in support of effective and proportionate regulation.

As a next step, URCA concurrently publishes, as an annex to this document, the standard condition reflecting the adopted licence modification.

The annexure hereinbefore referred to

## 5 The Licence Condition

### RESTRICTION ON THE AUTHORISED BUSINESS

1. The Licensee shall undertake the Authorised Business 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 natural gas:
  - 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. Natural gas 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 natural gas 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 natural gas shall not form part of any resale, supply, commercial transfer, or other commercial dealing in natural gas involving any person other than the Licensee.
4. The total volume of natural gas imported by the Licensee in any calendar year, or the total volume of natural gas 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. undertakes the authorised business other than for its own consumption and internal operational purposes; or
  - b. exceeds the volume limitation specified in paragraph 3 of this condition,

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) per centum 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 the Authorised Business other than for own consumption and internal operational purposes 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. The Licensee shall not apply for the removal or modification of this condition and URCA shall not approve the removal or modification of this condition within the first twenty-four (24) months of the licence term without the Licensee first demonstrating to URCA's satisfaction that the restriction was not requested for the purpose of temporarily avoiding the licensing or other regulatory requirements applicable to entities not the subject of this condition.