

ORDER

1. THIS ORDER is issued by the Regulatory Authority (the “Authority”) in accordance with section 63(1)(a) of the Regulatory Act 2011 (the “RAA”) and pursuant to sections 12 and 13(z) of the RAA and section 14 of the Electricity Act 2016 (the “EA”), in relation to the request from the Bermuda Electric Light Company Limited (“BELCO”) to the Authority dated 22 December 2017 (the “Proposal”) in which BELCO, in its capacity as a holder of a bulk generation licence, submitted its proposal to replace certain generating assets with replacement generation assets pursuant to Condition 20 of BELCO’s bulk generation licence granted on 27 October 2017.
2. In the Proposal, BELCO propose four new dual-fuel engines totaling 56 MW (burning a combination of light fuel oil and heavy fuel oil) to be known as the North Power Station (“NPS”) and a utility scale battery energy storage system (“BESS”) with an output capacity of 10MW and storage of 5MW/hr (the NPS and BESS are collectively referred to as the “Replacement Generation”) with a proposed budget of US\$118,801,000 (the “Proposed Budget”).
3. The Authority has reviewed (i) the Proposal; (ii) further information provided by BELCO in response to the Authority’s information requests in relation to the Proposal (the “Responses”); and (iii) the letter submitted to the Authority by BELCO on 4 March 2018 (Ref B-R73) (the “Commitment Letter”). The Proposal, the Responses and the Commitment Letter are collectively referred to as the “Information”.
4. Pursuant to section 14(2)(a) of the EA, the Authority’s functions include those required to carry out the purposes of the EA set forth in section 6 of the EA, including, inter alia,:
 - “To ensure the adequacy, safety, sustainability and reliability of electricity supply in Bermuda so that Bermuda continues to be well positioned to compete in the international business and global tourism markets;” **[6(a)]** and
 - “To protect the interests of end-users with respect to prices and affordability, and the adequacy, reliability and quality of service” **[6(e)]**.
5. In furtherance of the Authority’s functions, and strictly in reliance on the Information, and specifically subject always to BELCO’s acknowledgement and agreement of those matters set out in the Commitment Letter, the Authority hereby makes this Order approving the Proposal. Recovery of the costs in connection with the Replacement Generation shall be in accordance with the retail tariff methodology set pursuant to section 35 of the EA. Any costs of Replacement Generation shall not in any event exceed the Proposed Budget without obtaining prior written approval from the Authority.

So ordered this 6th day of March 2018.