



## **2021 Electricity Retail Tariff Review**

### **Decision & Order**

Order: 20210513

Date: 13 May 2021

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## I. BACKGROUND

Section 35 of the Electricity Act 2016 (the “EA”) requires the Regulatory Authority of Bermuda (the “RA”) to determine the Retail Tariff in accordance with the methodology which was set by the RA in the Regulatory Authority (Retail Tariff Methodology) General Determination dated 19<sup>th</sup> October 2018 (the “Methodology GD”) and the principles set out in part 6 of the EA; and allows the Transmission, Distribution & Retail (“TD&R”) Licensee to recover reasonable costs. In particular, sections 35(5) and 35(6) provide that:

*“A licensee may not charge an end-user any other tariff or make use of provisions in agreements other than that determined or approved by the Authority pursuant to this Act and the regulations and rules; and no licensee shall vary the tariff or any published schedule of prices or charges for electricity unless notice in writing of the intention to vary the tariff, and the amount of the variation, has been approved by the Authority.”*

In November 2020, the RA received an initial application from the Bermuda Electric Light Company Limited (“BELCO”) for a review and amendment of retail tariffs for 2021. An iterative process followed, and BELCO provided a further rate case submission on 27 April 2021 for amendment of its retail tariffs on 27 April 2021.

Through Order #20210507, the RA set BELCO’s Allowed Revenue for the twelve (12) month period, 1st January 2021 to 31st December 2021, as:

- a) a maximum of BMD 197,995,968 at a rate of return of 7.5%;
- b) a maximum of BMD 13,436,051 in Deferred Revenue Allowance to be recovered for a period of up to five (5) years at a rate of return of at least 7.5%

The approved tariff design:

- delivers a reduction in average tariff to all customer groups;
- retains the current ratios between the different rates within the tariff (such as facility charges, volumetric charges, and demand charges), which will limit the range of impacts on customers with different consumption levels;
- allows for the transparent reflection of all fuel costs in the Fuel Adjustment Rate (“FAR”); and
- further encourages energy efficiency across all customer groups.

Based on information provided by BELCO, new Retail Tariffs are expected to yield a weighted average reduction in retail tariffs (across all customer groups) of 1.6%. Residential customers can expect 1.7% reduction in their retail tariffs on average, while commercial customers can expect 1.8% reduction on average, and demand customers 1.4% reduction on average.

The FAR may subsequently be adjusted during the 2021 period, as a result of changes in BELCO’s fuel costs.

## II. ORDER

1. Pursuant to section 35 of the Electricity Act 2016, the Regulatory Authority of Bermuda (“RA”) hereby approves the Facilities Charge, Energy Charges and Fuel Adjustment Rate (“FAR”) components of the Retail Tariffs for 2021 as represented in the table below.
2. The RA hereby confirms that the FAR and the Regulatory Authority Fee (“RAF”) remain as shown below in the table, subject to subsequent RA approval, Order or government regulation, as applicable.
3. Further, this Order #20210514 requires the Bermuda Electric Light Company Limited, in its capacity as the Transmission, Distribution, and Retail Licensee, to implement the approved Retail Tariffs for meters read commencing June 1, 2021.

So ordered this 16 May 2021.

**2021 Approved Rates**

	Unit	Existing	Approved Rates	Difference Relative to Existing	
				Difference	Difference
				\$	%
<b>Schedule A - Residential</b>					
<u>Median Facilities Charge -Residential</u>					
		\$ 39.46	\$ 39.29	\$ (0.17)	-0.4%
GFC Tier 1	0-10 kWh per day	\$/month \$ 19.75	\$ 19.04	\$ (0.71)	-3.6%
GFC Tier 2	10-15 kWh per day	\$/month \$ 29.63	\$ 28.57	\$ (1.06)	-3.6%
GFC Tier 3	15-25 kWh per day	\$/month \$ 39.46	\$ 38.05	\$ (1.41)	-3.6%
GFC Tier 4	25-50 kWh per day	\$/month \$ 61.73	\$ 59.53	\$ (2.20)	-3.6%
GFC Tier 5	50+ kWh per day	\$/month \$ 93.83	\$ 90.48	\$ (3.35)	-3.6%
<u>Energy Charges</u>					
0-250 kWh	First Block	\$/kWh \$ 0.1281	\$ 0.1253	\$ (0.00285)	-2.2%
251-700 kWh	Second Block	\$/kWh \$ 0.2172	\$ 0.2124	\$ (0.00483)	-2.2%
700+ kWh	Tail Block	\$/kWh \$ 0.3209	\$ 0.3138	\$ (0.00713)	-2.2%
<b>Schedule B - Small Commercial</b>					
<u>Facilities Charge - Small Commercial</u>					
		\$ 41.76	\$ 40.27	\$ (1.49)	-3.6%
<u>Energy Charges</u>					
0-1000 kWh	First Block	\$/kWh \$ 0.2271	\$ 0.2215	\$ (0.0056)	-2.4%
1001-5000 kWh	Second Block	\$/kWh \$ 0.2620	\$ 0.2556	\$ (0.0064)	-2.5%
5001+kWh	Tail Block	\$/kWh \$ 0.3165	\$ 0.3086	\$ (0.0079)	-2.5%
<b>Schedule C - Demand Service</b>					
<u>Facilities Charge - Demand Service</u>					
	\$/month	\$ 103.15	\$ 99.48	\$ (3.67)	-3.6%
<u>Demand Charges</u>					
A) 1st 50 kW	\$/kW	\$ 12.23	\$ 11.86	\$ (0.37)	-3.1%
remaining kW - A	\$/kW	\$ 12.23	\$ 11.86	\$ (0.37)	-3.1%
B) 1st 50 kW	\$/kW	\$ 13.17	\$ 11.95	\$ (1.22)	-9.2%
remaining kW - B	\$/kW	\$ 13.17	\$ 11.95	\$ (1.22)	-9.2%
C) 1st 50 kW	\$/kW	\$ 13.75	\$ 12.05	\$ (1.70)	-12.3%
remaining kW - C	\$/kW	\$ 13.75	\$ 12.05	\$ (1.70)	-12.3%
<u>Energy Charges</u>					
1st 200 x Demand	\$/kWh	\$ 0.2700	\$ 0.2644	\$ (0.00556)	-2.1%
2nd 200 x Demand	\$/kWh	\$ 0.1363	\$ 0.1335	\$ (0.00281)	-2.1%
remaining kW - energy	\$/kWh	\$ 0.0521	\$ 0.0510	\$ (0.00108)	-2.1%
<b>Schedule D - Miscellaneous Commercial</b>					
<u>Energy Charges</u>					
Street Lighting	\$/kWh	\$ 0.1765	\$ 0.1720	\$ (0.00449)	-2.5%
Codes 4308, 4408	\$/kWh	\$ 0.2007	\$ 0.1956	\$ (0.00510)	-2.5%
Code 4309	\$/kWh	\$ 0.2320	\$ 0.2261	\$ (0.00590)	-2.5%
Code 4417	\$/kWh	\$ 0.2480	\$ 0.2417	\$ (0.00631)	-2.5%
TD&R RAF	\$/kWh	\$ 0.00635	\$ 0.00635	\$ -	0.0%
FAR	\$/kWh	\$ 0.12369	\$ 0.12369	\$ -	0.0%