

Bulk Generation Proposal Guidelines

1 Introduction

1.1 This note provides guidelines on what would be expected to be included in the Bulk Generation proposal in order to ensure that the Regulatory Authority of Bermuda ('the Authority') is able to: meet its obligations under the Electricity Act 2016 ('EA 2016') in a manner that is consistent with the National Electricity Policy; and implement the regulatory regime established by the electricity sector licences. The recommendations in this note reflect established practice and precedents for the development of IRPs and similar capacity planning exercises seen in a wide variety of relevant regulatory jurisdictions.

2 Bulk Generation Proposal Requirements

2.1 Input assumptions for alternative generation proposals should be consistent with the requirement for a quantitative modelling methodology as the IRP requires a large number of numerical inputs and assumptions to be used. For example, these inputs would be expected to include (this list is not intended to be exhaustive):

- (i) Data on capital, operating and fuel cost of future generation technical and other
- (ii) operating characteristics, and expected retirement dates;
- (iii) Assumptions on future macroeconomic performance (e.g., growth) and government policy.
- (iv) Technical and operating characteristics of future generation technologies and their availability;
- (v) The price for input fuels and other related commodities, as well as the availability and price considerations of import infrastructure;
- (vi) Costs related to network infrastructure upgrades (if required),
- (vii) Sensitivity analysis of possible "high" and "low" cases along with base case scenarios for each source of uncertainty. These scenarios would be expected to be targeted at the assumptions that have the greatest impact on overall system costs. The uncertainties can include, but not limited to:
 - a. production uncertainty;
 - b. fuel price uncertainty;
 - c. alternative capital and operating cost assumptions for future generation resources.

2.2 In order to ensure that the alternative generation proposal is credible, comprehensive, and auditable, the data inputs and assumptions used would be expected to be transparent and well documented. In particular, the alternative generation proposal would be expected to include detailed references and other supporting documentation where necessary to show how the various input assumptions were selected.