



21st May, 2026

BEST SUBMISSION ON THE NATIONAL ELECTRICITY SECTOR POLICY

We have concerns about focusing solely on 'affordability' as the primary measurement of potential technology adoption, since it can easily delay us in making meaningful headway for Bermuda's energy independence. In 2019, LNG was taken off the table, but now it factors heavily in Belco's recommendations for energy production.

Liquid Natural Gas (LNG)

In 2019, LNG was only approximately 6% cheaper under base case assumptions. Since 2019, the levelized cost of electricity (LCOE) for solar combined with batteries has dropped by **43%**, making it cheaper than LNG. These prices are falling exponentially and have, just in the last year, dropped 22%. What if we continue to project this out? How will the prices be impacted?

With the oil crisis in Iran, the world is pivoting away from fossil fuels to insulate itself from severe oil and LNG price spikes. This is hardly the time to lock the island into a massive investment in LNG (\$150+ million), a debt which will need to be serviced by taxpayers over the next 20 years, at least.

The potential for this plant to become a stranded asset remains a key consideration as cheaper, cleaner alternatives come onto the market. LNG is not a clean fuel, as BELCO refers to it. Under a 20- year measurement timeframe, LNG's greenhouse gas footprint is 33% greater than coal.

Another consideration regarding LNG is where the plant could be located. What about the high-pressure pipes that would need to lead to the Belco plant? Factoring in exclusion zones, meaning there is a limited number of suitable sites, there are real concerns about the risks of leaks and the liability that entails. This could turn into a nightmare scenario if something went wrong.

Several islands, including Cayman, Puerto Rico and Hawaii turned away from investing in LNG after exhaustive research, preferring instead to focus on renewable energy (RE).

The Ministry needs to justify why and how they are considering LNG at this time, given the above questions and concerns. The burden of proof for adopting LNG should rest on demonstrating that the asymmetric downside risk identified by the 2019 IRP no longer applies, not on renewable alternatives having to prove cost parity.

The Narrative That Solar Customers Are Causing Rate Hikes For Everyone Else

The National Electricity Sector Policy document suggests (more than a dozen times) that it is the solar uptake that is causing rate hikes for those who cannot afford to install solar technology. We dispute that claim. There have been great efforts made to increase energy efficiency, both for business and household consumers, and the result has been lower demand. However, we have also experienced an estimated 14% reduction in population and our main hotel has been empty. All of these forces have reduced electricity demand. Rooftop solar comprises only 3% of the island's energy demand, so to blame solar for price increases seems wrong. We believe this misleading narrative was initiated by BELCO and we are concerned that the Ministry has embraced it so wholeheartedly as to have it shape the NESP as much as it does.

The facilities charge for solar customers is \$52.48, almost twice as much as the lowest rate for low users. A quick 'back-of-the-envelope' calculation of an average facilities charge of \$50 per customer results in an annual income of \$19.2 million towards 'covering the cost of equipment, infrastructure, and services needed to deliver electricity to the Belco property (poles, transformers, grid maintenance, and meter reading).' Is this adequate? Perhaps a revaluation of the facilities charges island-wide needs to take place to also better reflect 'equity'.

Just 209 high-demand customers account for 40% of the island's total electricity load, yet their facilities charges remain very low relative to the amount of power they use. If even a portion of them adopted energy-efficiency measures and reduced consumption by 30%, the resulting drop in demand would far exceed what rooftop solar can currently deliver. Given this, it's worth asking whether these customers are being unfairly blamed for higher electricity prices."

The NESP should consider the full system value of distributed energy, including avoided fuel costs, reduced losses, deferred grid and generation investment, resilience value, land-use efficiency, local employment, and the economic benefit of home-produced power.

Bermuda should reform its tariff design and valuation rules so that they capture both the costs and the measurable benefits of distributed resources rather than treating distributed generation principally as a tariff pressure.

We should also consider subsidizing those who cannot afford their electricity bills, with the savings on large solar installations (like Government buildings), rather than put the brakes on RE adoption.

BELCO Fixed Asset Costs

Our attention has been drawn to the costs associated with BELCO's pension legacy obligations. Due to the company's Defined Benefit Pension Plan, many employees, including two past CEO's, are being paid 2/3 of their (final) salary every year in pension payments, entirely independent of the amount of money they contributed. This legacy cost is also borne by the ratepayer, as are all the current high salaries paid out to the executives of our public utility. Are these costs transparent or kept private?

The Cayman Islands

Meanwhile, in Cayman, they are making Bermuda look like a relic, a dinosaur, in our energy ambitions:

<https://parliament.ky/wp-content/uploads/2024/12/Cayman-Islands-National-Energy-Policy-2024-2045.pdf>

The Cayman Islands' Parliament has shared its updated National Energy Policy (NEP) 2024–2045, approved in April 2024, which aims for 100% renewable energy for electricity, 100% electric vehicle adoption for new sales, and 100% reduction in electricity-sector emissions by 2045. The strategy includes intermediate targets of 70% renewable energy by 2037 and focuses on solar, efficiency, and grid modernization.

Renewable Energy Targets: 30% by 2030, 70% by 2037, and 100% by 2045.

Transportation: 30% of all new vehicle imports to be electric by 2030, reaching 100% by 2045.

Emissions: Target to reduce electricity sector emissions by 30% by 2030 (vs. 2019 levels) and 100% by 2045.

Implementation: An Energy Policy Implementation Committee has been established to oversee these goals.

Consumer Action: The policy empowers consumers to produce their own energy via solar and battery storage.

Further, we strongly encourage a look at this powerful article, which speaks clearly to what those in the solar field in Bermuda have been saying: moving to a 90% solar and

battery-powered electricity future is less expensive than fossil fuels and any currently known electricity source:

https://nworbmot.org/blog/solar-battery-world.html?trk=public_post_comment-text

This makes it crystal clear where investment should be going and, for us in Bermuda, what is exciting is that with a relatively small offshore wind farm and solar, we can get to a 90%+ renewable energy-powered island, over time, including modes of transport.

Finally, a paper from GridLab highlighting Oahu, Hawaii's fight against the truth about the promise of LNG and the waste of resources that could be going towards the renewable energy future that is needed, and is inevitable:

<https://gridlab.org/portfolio-item/hawaii-lng/>

This paper highlights several significant factors that we should consider.

Bermuda's dependence on fossil fuels drains our economy of millions of dollars, money that could remain on the island if investment was directed towards renewable energy instead.

In our case, where a CAT 5 hurricane is inevitable, and after which it's likely that not one telephone pole will be left standing, we need to learn from other island nations to our South who discovered that after a major hurricane, a diversified RE energy grid is more reliable.

“We argue that the capital expenditure required for LNG infrastructure establishes a ‘lock-in’ effect, generating perverse incentives to delay renewable deployment. This paper proposes that a direct reallocation of capital toward renewable energy and storage offers a more financially robust and risk-averse pathway to the state's electricity affordability and energy security goals.”

The paper also points out that LNG forward pricing is not a given, particularly if prior volume commitments are not met. With new electric cars offering massive storage capacity (something BELCO has glaringly omitted from their current IRP), future demand for BELCO power may be far less than anticipated.

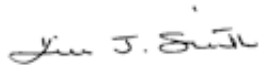
And we quote their conclusion directly:

“If Hawaii maintains a dependency on imported fuels, it accepts a permanent requirement for annual capital outflow to global markets. In contrast, prioritizing local renewable generation shifts the economic burden to upfront capital investment. Once these local assets are amortized, the marginal cost of production is near-zero, effectively ending the state's century-long exposure to imported fuel costs and price volatility. Policy

makers should consider a “Direct Renewable Investment” scenario. Redirecting the LNG infrastructure capital toward utility-scale solar, BESS, and grid transmission upgrades avoids the volatility of global fuel markets and the risk of stranded assets, providing a more secure pathway toward the state’s goals of cheaper electricity and eliminating its dependence on imported fuels.”

Thank you for the opportunity to contribute to the vitally important public consultation.

With BEST regards

A handwritten signature in cursive script that reads "Kim J. Smith".

Kim Smith
Executive Director