



PRESS RELEASE

Caribbean Utilities Company, Ltd.

and

The Electricity Regulatory Authority of the Cayman Islands

September 3rd, 2012

The Electricity Regulatory Authority of the Cayman Islands approves new Feed-in Tariffs for Consumer-Owned Renewable Energy Generation Programme

The Electricity Regulatory Authority of the Cayman Islands (the “ERA”) has, effective August 30, 2012 approved revisions to the existing Feed-in Tariffs (FITs) which has been in place since February 1, 2011. The new FITs offer, developed in conjunction with the ERA provides incentives under the Consumer-Owned Renewable Energy (CORE) Generation Programme for consumers to generate energy from renewable and alternative sources and be compensated through stable, long-term rates.

The CORE programme allows customers in Grand Cayman to connect renewable and/or alternative energy systems, such as small scale solar systems or wind turbines to CUC’s distribution system and to reduce their monthly energy bills by generating their own electricity while remaining connected to the CUC grid.

A maximum aggregate of 2 megawatts (“MW”) capacity of renewable and/or alternative energy generation will be allowed to connect to the CUC Transmission & Distribution (T&D) System. CUC and the ERA will review this aggregate capacity limit annually or when the CORE portfolio is fully subscribed, whichever comes first. Under the FIT programme, the rates paid to customers for all renewable energy generated will be CI 38.5 cents per kilowatt hour (“kWh”) for residential customers and CI 37.5 cents per kWh for commercial customers. Existing CORE programme participants qualify for the new tariff, but must sign a new CORE Credit Agreement with CUC.

The CORE customer will be billed monthly at the normal retail rate (currently approximately CI 35 cents per kWh) for their total energy consumption and will now be credited monthly at the FITs rate (CI37.5 or CI 38.5 cents per kWh) for the total output of their renewable or alternative generation system to the grid. At the end of each calendar quarter, CUC will make a payment to each CORE participant for any accumulated FIT credit balance on their account.

The FITs contract agreements will be for a term of twenty (20) years to allow the owner of the renewable energy system to recover their capital investment with an assured reasonable return. Consumers are responsible for making their own arrangements with suppliers of renewable energy systems for their installation and inspection by the electrical inspector.

The maximum permitted size of the individual renewable energy systems will be the lesser of the CORE customer's peak demand for existing systems measured over a period of up to twelve months, where that information is available, or estimated peak demand for new connections, with a maximum of 20 kilowatts ("kW") for residential systems and 100 kW for commercial systems, the latter being increased from 50 kW.

ERA Managing Director, Mr. Joey Ebanks, expressed that, "The ERA is obligated under sections 9. (5) (f) & (i) of ERA Law (2010 Revision) which state: In carrying out the functions and duties imposed and exercising the powers conferred by this Law, the Authority shall have regard to – (f) whether licensees have promoted or will promote the development and use of renewable or alternative forms of energy by licensees and consumers; and (i) the need to permit and promote the use of renewable or alternative forms of energy by consumers so as to reduce the load on any T&D system."

Mr. Ebanks stated that, "The ERA reassures consumers that, subject to Section 9. (2) (q) of ERA Law: The principal functions of the Authority shall include - to authorise a T&D licensee to purchase renewable or alternative forms of energy from consumers who generate electricity for self-supply subject to the requirements of the Electricity Law (2008 Revision) and regulations made thereunder, the ERA has conducted a diligent review and economic analysis to assist CUC determine reasonable FIT rates to ensure that consumers contemplating the programme would receive a fair and reasonable return on their investment."

Mr. Ebanks also wished to remind consumers of the duty waiver on renewable energy equipment and that effective since December 1st, 2008, the waiver allows a full exemption from import duty on renewable energy equipment for residential homeowners. Waivers on similar equipment imported for commercial use will be reviewed on a case-by-case basis by the ERA.

The ERA hopes that the details of the new FIT programme will further assist in incentivizing the growth and use of renewable and alternative energy to aid in diminishing the Cayman Islands' dependence on fossil fuels used for the generation of electricity and, more importantly reducing the nation's carbon footprint. For more information please visit the ERA's website at www.caymanera.ky.

CUC's President and Chief Executive Officer, Mr. Richard Hew, stated that, "We are pleased to offer the revised Feed-In Tariffs to existing and new CORE customers who generate energy through renewable and alternative energy means while having the opportunity to interconnect with and benefit from the reliability of connection to CUC's electricity distribution system. We look forward to an increase in customer participation and the resultant increase in renewable and alternative energy available to our system to displace fossil fuel and its associated emissions."

The CORE programme provides an excellent opportunity for both CUC and its customers to participate in protecting the environment. By utilizing renewable energy instead of fossil fuels to generate electricity, CUC and its customers will be able to reduce exhaust gas emissions, reduce the use of imported fossil fuels and contribute to the overall protection of the environment both in Grand Cayman and globally.

Customers wishing to obtain further details or to participate in the programme may contact CUC's Customer Service Department at 949-4300.

The CORE Credit Agreement between the consumer and CUC will set out the terms under which services, connectivity, metering and billing credits will be governed and can be obtained on CUC's website at <https://www.cuc-cayman.com/coreprogramme>.

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