



URCA Draft Annual Plan 2022

URCA /2022

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1. Introduction

1.1 Structure of the Plan

The Utilities Regulation and Competition Authority (“URCA”) is pleased to publish its draft Annual Plan for 2022. The document outlines:

- A brief review of URCA’s achievements in 2021;
- URCA’s focus areas and key priorities for 2022;
- URCA’s key projects for 2022, including its planned consultation schedule for the year;
- A series of key performance indicators URCA uses to measure its performance during the year; and
- URCA’s budget for the upcoming financial year.

1.2 Responding to this Draft Plan

URCA invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this draft Annual Plan.

The timeline and steps for responses to this draft Annual Plan are as follows:

1. All submissions to this consultation should be submitted by 5:00 pm on 4 February 2022;
2. URCA endeavours to publish these responses by 5:00 pm on 25 February 2022;
3. Comments on the responses published in step 2 may be submitted by 18 March 2022; and,
4. URCA intends to publish the final version of its Annual Plan by 30 April 2022.

Prior to publication of the Annual Plan, and as part of the consultation on this draft Annual Plan, URCA will hold at least one stakeholder forum to present the draft Annual Plan and to allow key stakeholders (licensees, government agencies, and civil society) an opportunity to provide input. URCA has tentatively scheduled a virtual forum for 10 February 2022.

Written submissions or comments on the draft Annual Plan should be addressed to URCA’s Chief Executive Officer with the subject line, “URCA Draft Annual Plan”. Submissions can be made by:

- hand to URCA’s office at Frederick House, Frederick Street, Nassau;
- mail to PO Box N-4860, Nassau, Bahamas;
- fax to 242 393 0237; or
- email to info@urcabahamas.bs

2. Review of URCA’s Achievements in 2021

2.1 Overview

The final version of URCA’s 2021 Annual Plan was published on 30 April 2021, together with URCA’s Annual Report for 2020, in compliance with the statutory timeline. In the 2021 Annual Plan, URCA set out several projects that it intended to undertake within the proposed timelines. Having the benefit of the 2020 COVID-19 pandemic experience, URCA embraced 2021 with a degree of confidence in its ability to navigate and manage the uncertainties of the pandemic mitigation measures and their impact on regulatory affairs and the telecommunications and energy ecosystems.

In the Electronic Communications Sector (ECS), URCA continued its efforts toward the achievement of the ECS policy objectives while promoting the transition to a more digitally inclusive society. The sector’s response to digital transformation was evident through the ubiquitous deployment and use of Information Communications Technologies (ICTs). Government and private sector organisations across the economic spectrum embraced ICTs to sustain operations. Virtual platforms became the default solution for meetings, workshops, seminars and conferences. E-commerce emerged as the standard operating procedure of many businesses, with innovative ideas evolving into new business opportunities. ICTs are an essential tool in the national and global societal transformation and URCA remains focused and committed to ensuring its regulatory measures advance the continued growth and expansion of the sector. In 2021, URCA applied its resources in the ECS to the execution of priority Tier 1 projects, while monitoring the performance of the industry.

The pandemic influence extended beyond emerging technologies and its impact on national development. It required a re-think of the approach to addressing regulatory reform that transcends any single sector or industry. The global digital revolution requires a paradigm shift in the regulator’s approach to its oversight of the sector. URCA, recognising the change, initiated steps toward a more collaborative approach to the regulatory process. URCA embarked on what the International Telecommunications Union (“ITU”) identified as the fifth generation (G5) regulatory approach, through its engagement with key telecoms stakeholders as part of its 2022 annual planning process. This will extend to other key stakeholders and cross-sector regulators in 2022 as an intentional effort to advance the national digital transformation initiative.

In the Electricity Sector (ES), URCA remained actively involved in managing and monitoring the performance of the suite of URCA approved Renewable Energy programmes and the growing register of Public Electricity Suppliers. The development of the sector's regulatory framework remained a priority for the department in 2022. As the ES continues to build out the framework, it is envisioned that stakeholder engagement will continue to grow and add value at all levels of the energy sector.

Notwithstanding the ongoing realities of the pandemic, URCA remained committed to the execution of its Tier I regulatory projects across the spectrum, with both sectors making significant progress in 2021.

URCA also advanced its initiative to strengthen its regulatory capacity in both sectors. The employment of two attorneys in the ES, an attorney in the ECS, a Regulatory Manager to improve URCA's broadcasting regulatory obligation and the restructuring the Corporate and Consumer Relations Team with a new manager and digital marketing expert are expressions of URCA's commitment to organisational performance enhancement.

An important aspect of URCA's responsibility is its representation of The Bahamas at international organisations. During the past year, URCA continued to serve on the 2018 – 2022 Council of the International Telecommunications Union (ITU). The Bahamas also serves on the Executive Council of the Inter-American Telecommunications Commission (CITEL). That term also expires in 2022. In 2021, URCA established an International/Government Relations Unit, providing dedicated resources to the international work that contributes to URCA's regulatory oversight of telecommunications and electricity sectors.

2.2 Performance Against URCA's 2020 Annual Plan

In the 2021 Annual Plan, URCA adjusted its approach to the prioritisation of projects and reducing the structure to two tiers (Tier I, Tier II). URCA is committed to developing a work plan that allows stakeholders to assess its performance effectively, based on output and impact. The rationale for the placement of projects in a specific tier was as follows:

- Tier I projects are of significant importance and urgency to the regulated sectors; therefore, URCA sought to ensure that it directs all available resources to achieve completion in accordance with scheduled dates during the current year.

- Tier II projects are also of significant importance to the organisation or the regulated sectors directly, and URCA endeavoured to complete these projects in the shortest possible timeframe, though with lower priority than the Tier I projects. URCA did not commit to a scheduled date or specific trimester for the completion of Tier II projects for one or more of the following reasons:
 - There is heavy dependence on external stakeholder input or approval;
 - Uncertainty of the availability of adequate resources to complete the project in a specific timeline; and/or
 - URCA has limited control over the completion date (e.g., approval is external to URCA).

2.2.1 General Projects

While most of URCA's regulatory work relates to a specific regulated sector, URCA is continuously seeking ways to achieve economies that can be realised through harmonised approaches between regulated sectors, reflected in regulatory measures that have "General" applicability across sectors. URCA's organisational initiatives, including its Annual Report and Annual Plan, also fall into this "General" category. During 2021, URCA worked on the following General projects:

Solar Car Park Array

After a protracted installation period, due to pandemic related supply and construction disruptions, URCA's car park solar array was commissioned in December 2021. By all accounts, the structure provides a bonus of eight covered parking spaces, well worth the wait and investment. This in-house solar generation initiative involved the integration of a 25 kW solar array into the electrical supply system for the URCA's Frederick House office. In addition to serving as a symbol of URCA's commitment to the promotion of green energy concepts, it is envisioned that the system will also serve as a live research and development environment for the organisation's team members.

The 25 kW array is forecasted to provide some 43,000 kWh of energy per annum to URCA, culminating in a savings of approximately \$11,100/year, given the current fuel charge. Based on the same, it is anticipated that the breakeven period will be 16 years.

Frederick House Remediation

While the renovation of Frederick House was not listed as a General Project in URCA's 2021 Annual Plan, URCA was forced to address the structural defects that presented major challenges to URCA's in-office

operations. Recognizing the magnitude and impact of the defects on URCA's ability to utilize its offices, the Board approved the comprehensive refurbishment works. URCA established it as a priority project in 2021.

URCA's 2017 decision to purchase the Frederick House building contemplated two key factors:

1. Ownership of its office premises, and
2. Rental of the additional unoccupied space.

The refurbishment of the building should assist with realising the second objective, to lease the two upper floors while providing a more comfortable work environment for the URCA team. The generated revenue from the upper floor rentals could assist URCA in reducing the annual fees required from the industry to fund its annual operations. The renovations were completed in December 2021 and URCA is exploring the potential rental of the available space.

URCA Organisational Performance Indexes – Phase 1

In 2020, URCA committed to initiating the phased implementation of its Organisational Performance Indexes (OPI) as an initial step toward the achievement of URCA's strategic objective to establish more appropriate and meaningful methods of measuring its performance. On 9 July 2021, URCA published its Statement of Results and Final Decision on the Addendum to the Market Information Reporting Requirements for Specified Licensees in the Electronic Communications Sector "ECS 28/2017" which can be found under document references ECS 05/2021 and ECS 06/2021. The addendum requires additional information from specified licensees, which will help to inform URCA's OPIs. URCA has initiated a phased implementation in 2021 with full implementation scheduled for 2022.

Market and Consumer Satisfaction Surveys

In 2021, URCA concentrated primarily on the execution of Market Surveys in the Electronic Communications Sector, which were significant contributors to several key ECS regulatory projects. URCA considers the views and opinions of consumers essential to the assessment of its obligation to achieve the policy objectives of the Electronic Communications and Electricity sectors. In 2022, URCA will embark on comprehensive consumer satisfaction surveys in the ECS and ES. The surveys will address the need for additional information about stakeholder sentiments and behaviours within the regulated sectors.

2.2.2 Electronic Communications Sector (ECS) Projects

In 2021, URCA made gradual progress in executing its identified ECS priorities, advancing both Tier I and Tier II projects identified in the Annual Plan. A brief discussion of URCA's achievements against 2021 Projects is set out below:

Tier I & II Projects

Cable Repackaging/Rev TV Offers

In November 2020, CBL submitted an application to URCA requesting approval for the repackaging of its REVTV service. Due to the impact the changes would have on pay TV subscribers, URCA conducted a public consultation to allow consumers a reasonable opportunity to comment on the repackaging. URCA published its Statement of Results and Final Decision (ECS 09/2021) on 8 July 2021 in which URCA approved the repackaging. Following the publication of the decision, URCA launched an investigation into the quality of CBL's pay television due to numerous complaints received during the repackaging consultation. The investigation is ongoing.

Wholesale Dedicated Internet Access Offers

The Final Decision on the Wholesale Direct Internet Access ('WDIA') Reference Offer Review (ECS 10/2021) was published on 30 July 2021. This document contained summaries of the consultation responses and URCA's determinations on the non-price terms and conditions of the reference offers from BTC and CBL for their provision of WDIA services to Other Licensed Operators (OLOs). The price-related terms and conditions are being developed separately to allow for the development of cost-based approaches for BTC's and CBL's WDIA services. Once the costing is completed, BTC and CBL will be required to amend their offers to reflect the URCA-approved prices along with the non-price terms and conditions set out in ECS 10/2021. This is the implementation stage stemming from the obligations set out in URCA's Review of Wholesale Internet Access Final Determination (ECS 13/2020) published in September 2020 in which URCA set out the need for the regulation of WDIA which is used by OLOs to offer retail broadband services.

Market Review of Mobile Services

In 2020, URCA began work on its first market review of mobile services since the liberalisation of the market in 2016. However, the review required market information that could only be sourced through survey reports that could not be executed during 2020 as a result of the pandemic. URCA is pleased to

have completed the extensive survey portion of the project in 2021 to help inform its preliminary findings. URCA anticipates publishing the preliminary determination in early 2022.

ECS Market Survey (Pay TV and FM Broadcasting)

URCA embarked on a project to obtain empirical data on consumer usage and opinions on the quality of available services and programming provided by way of Pay TV and FM Radio in The Bahamas. This Tier 1 project required the engagement of an external consultant to, inter alia, conduct online surveys and focus groups. URCA completed its survey of the Pay TV and FM Broadcasting markets in The Bahamas in the final trimester of 2021.

Consequential to a comprehensive review and critical analysis of the results, URCA will publish the results of the market surveys during in the first trimester of 2022. The published results will be in aggregate format and in accordance with the Communications Act, 2009, which requires that the publication of the same does not divulge any commercially confidential information that may provide a competitive advantage or disadvantage to URCA's licensees.

Monitoring and Compliance (FM Broadcasting)

As part of URCA's Monitoring and Compliance project for 2021, URCA conducted a comprehensive review of the monitoring and compliance processes for the FM radio broadcast market to determine and identify measures to strengthen its related regulatory functions. Further to this review, URCA has made significant advancements to establish a Compliance and Technical Standards Monitoring System (CTSMS) for FM Radio Broadcast licensees in New Providence, Bahamas, which will be fully implemented in early 2022. The CTSMS is an IP-based system that will provide centralized, real-time Quality of Service (QoS) monitoring and reporting of the technical performance of all FM radio broadcast licensees' networks in New Providence. The system will also independently identify, monitor, record and archive the broadcast content of all New Providence based FM radio stations. The current and historic technical performance data, as well as the archived content, will be directly available to URCA's ECS monitoring, compliance and enforcement officers. It will significantly strengthen URCA's capabilities in monitoring and ensuring compliance by FM Broadcast licensees with the relevant regulatory measures issued by URCA including, but not limited to, the 2020 Revised Content Code and the Technical Standards for FM Radio Broadcasting in The Bahamas.

Monitoring and Compliance Guidelines

After more than a decade of regulating the Electronic Communications Sector, URCA conducted a comprehensive review of its internal processes for monitoring and compliance of licensees. The review considered, inter alia, the relevant provisions of the Communications Act 2009, the licence conditions, existing regulatory measures, and URCA's established licensing process map. Consequently, URCA developed and implemented the Regulatory Compliance Monitoring, Investigation and Enforcement Guidelines. These internal guidelines provide a structured framework that should strengthen the execution of the regulatory functions at various stages of the compliance monitoring process.

ICTs for Persons with Disabilities

Information Communication Technologies (ICTs) are considered essential to the integrated participation of all demographic groups in the emerging global digital ecosystem. In 2018, URCA initiated this project to identify policies and regulatory measures within URCA's mandate which would optimise the use of ICTs for persons with disabilities. In 2021, URCA continued the work, taking a phased approach to its execution. The initial phase focuses on research to secure the data required to determine the way forward. In September 2021, URCA engaged external consultants to conduct online surveys and focus group sessions on awareness, availability, accessibility and affordability of ICTs to persons with disabilities. To ensure the integrity of the survey and protect the vulnerable group which comprise this demographic group, consultants obtained approval from the National Ethics Committee prior to administering the survey. URCA will publish a position paper during the first trimester of 2022, which will form the basis for next steps.

Review of Framework for Public Service Broadcasting

URCA has completed Phase 1 of the Framework for Public Service Broadcasting (PSB) project by conducting a comprehensive internal review of the existing compendium of PSB related regulatory measures that were published by URCA on 7 July 2011. Having considered the existing PSB framework to be dated, URCA identified the need to revise the framework consequential to a full stakeholder engagement and consultation process.

In 2021, URCA also commenced preliminary work on Phase 2 of the PSB project with high level discussions with key stakeholders. However, due to the recent change in Government and the appointment of a new Board at the Broadcasting Corporation of The Bahamas, the designated public service broadcaster and a key stakeholder on this project, URCA deferred Phase 2 of this project to the first trimester of 2022 as a

Tier I project. URCA will also have regard to any potential changes in the Electronic Communications Sector (ECS) Policy that may impact the PSB project. URCA anticipates that it will complete this project in late 2022.

2.2.3 Electricity Sector (ES) Projects

In 2021 URCA's progress in executing its identified ES priorities, was in both Tier I and Tier II projects identified in the Annual Plan.

Tier I & II Projects

Consultation Procedures (w/ consideration of the ES)

On 20 October 2021, URCA issued "*The Utilities Regulation and Competition Authority's Standard Consultation Procedures*" (URCA 05/2021). Prior to the 2021 revision of URCA's Consultation Procedures, the existing procedures were in place since 2017. While the 2017 Consultation Procedures were designed to be broad enough to accommodate the anticipated expansion of URCA's remit, the same was put forward for stakeholders' consideration prior to the regulation of the Electricity Sector commencing in earnest in 2017. Therefore, it was deemed prudent to review and, if necessary, revise the procedures to ensure that the current needs of both sectors are being properly and adequately addressed. Further, it is noted that consultation needs, in general, have changed significantly in recent times due to the increased demand for remote and electronic communication as social distancing, curfews and other pandemic protocols have impacted the ways we engage with stakeholders. URCA continues to adapt and innovate regarding stakeholder engagement as we strive to progress the development of the governing framework for the nascent ES in a dynamic period of emerging technologies and business models.

Rate Reduction Bond

In late 2019 Bahamas Power and Light (BPL) and the Government of The Bahamas proposed a bond offering to provide the funding required to address legacy debt and capitalisation for the government-owned power utility. In January 2020, URCA was asked to expeditiously review a compendium of Rate Reduction Bond (RRB) documents in order to facilitate the imminent issuance of the bond. However, after URCA's initial assessment, in March 2020 the world was sieged by the Covid-19 pandemic which wreaked havoc economically and diminished the financial markets' appetite for bonds such as the RRB.

In the first half of 2021, worldwide markets began to settle as economies adjusted for what appeared to be a long haul with the ongoing pandemic. Consequently, the Government sought to amend the

legislation governing the RRB to accommodate the changing economic and financial environment. Notably, while investors are now prepared to entertain the idea of bonds such as the proposed RRB, the interest rates associated with the same have adjusted upwards to compensate for the anticipated risks in the Covid-19 and post-Covid-19 eras.

Over the course of the year, URCA participated in several stakeholder forums concerning potential amendments to the Electricity Rate Reduction Bond Act, 2019; and URCA remains ready to assist with the regulatory assessment of innovative solutions to address the financial needs of BPL as the need arises.

Fuel Hedge Review

In July 2020, BPL commenced its fuel hedging programme which has resulted in the application of a Fuel Charge of 10.5 cents/kWh from commencement to date. The actual fuel charge amendment was gazetted on 26 June 2020. It is URCA's understanding that the current hedged fuel price will remain in place until June 2022, when it is subject to adjustment in accordance with current fuel prices and an agreed adjustment mechanism. It is noted that the goals of the hedge were not solely financial, but also economic as it was viewed as a means of stabilizing the fuel charge component of electricity bills during a period of economic uncertainty and heightened reliance on electricity supply services.

While URCA has monitored the variance between hedged fuel price and an extrapolated fuel price utilizing pre-hedge indicators, *and prima facie it appears that the hedge has been beneficial thus far*, URCA will request a comprehensive report from BPL in accordance with its licence obligation, Condition 24. It is within URCA's remit to ensure transparency and accountability to the regulator, customers and stakeholders concerning the effectiveness of the hedge and the fuel consumption efficiencies of BPL's operations.

Cost Based Tariff Policy for Renewable Energy Self Generation Projects

This project was a follow up to the *Renewable Energy Levelized Cost of Electricity* (LCOE) study done in 2020 with technical assistance provided by the Inter-America Development Bank (IDB). The project involved proposing a policy for the determination of Renewable Energy Self Generation (RESG) projects feed-in tariffs based on the results produced by the tool developed in the LCOE study. The consultation document, *"Cost-Effectiveness Tariff Policy for Renewable Energy Self-Generation Projects"* (ES 11/2021), was released for public consultation on 20 October 2021.

URCA will consider revision of the tariff based on stakeholder comments and feedback, update the input assumptions and re-run the rate-setting model as well as the cost-effectiveness model.

Additionally, URCA will prepare a final draft of the cost-effectiveness tariff updated with revised assumptions as necessary for written comments from stakeholders. It will also incorporate final feedback and publish the final decision on the RESG and Small-Scale Renewable Generation (SSRG) programmes. This is expected to be completed by April 2022.

URCA holds that the results of its economic simulation model enable it to update the pricing methodology and other aspects of its regulations for the (SSRG) and (RESG) programmes to secure net positive benefits for the sector and its stakeholders at large.

Tariff Review Framework & Tariff Setting Procedures

On 5 July 2021, URCA issued the “*Tariff Review Framework, Guidelines and Procedures for Public Electricity Suppliers*” (ES 07/2021), which sets out the methodology for tariff adjustments and reviews for Public Electricity Supplier (PES) licensees. Overall, the methodology provides for the assessment of a PES’ revenue requirements; determination of its cost of service; and the equitable apportionment of those costs across the various rate categories. URCA holds that the issued guidelines serve and protect the tariff interests of the government, the utility and consumers fairly and transparently; and, that it has met the objective to build a methodology for negotiating and establishing tariffs that both accords with PES licences and meets standards for good regulatory practice.

Establishment of ADR Scheme(s)

On 4 October 2021, URCA issued the “*Alternative Dispute Resolution (ADR) Scheme for Disputes between Licensees and Independent Power Producers for the Electricity Sector in The Bahamas*” ES10/2021. The ADR scheme for disputes between licensees and independent power producers (IPP) was established in accordance with s.40(10) of the Electricity Act. The scheme was established via a consultative process with all stakeholders and is designed to provide a process for the resolution of disputes between licensees and IPPs in contentious situations. The primary objective, which is deemed to have been met, was to provide a mechanism where all parties are held accountable; and the rules are clear, fair and readily accessible. It is noted that efforts were made to ensure that the established scheme is aligned with the relevant statutory provisions, namely the Arbitration Act of The Bahamas, and best practices in international arbitration.

Guidance on the Assessment of Fines for Breaches

In November 2021, URCA completed the consultation document “Guidelines on the Assessment of Fines for Breaches.” For efficiency purposes the release of the consultation document was deferred to T1 2022. The document is intended to provide guidance concerning sections 63 and 72 of the Electricity Act, which stipulates that a licensee that contravenes a provision of the Electricity Act or a licence condition, is liable to a regulatory fine or other penalty determined by URCA. In exercising its power to impose such fines, URCA enjoys a wide degree of discretion. To ensure transparency, impartiality and consistency in its decision making, the URCA proposed Guidelines will establish and specify the methodology that will be used in the exercise of URCA’s discretion to set a fine.

URCA considers that the guidelines will expand the regulatory framework to eliminate any ambiguity that may exist; and, that it will satisfy the objective to establish a methodology for setting fines that are in keeping with the Electricity Act and standards for good regulatory practice.

2.3 International Participation and Engagement

In 2021, URCA’s Board approved the creation of an International/Government Relations Unit to provide intentional focus to URCA’s representation at several international telecommunications organisations and as the delegated representative of The Bahamas. The strategic shift from a CEO led process to the assignment of dedicated leadership with supplementary support from the regulatory teams is expected to provide more effective and meaningful participation at regional and international telecommunications and electricity conferences and meetings. The new approach seeks to encourage greater engagement and collaboration with the government on sector policy matters and key stakeholders on industry related issues to enhance URCA’s participation at the various bodies, conferences and meetings.

Since 2018, URCA, as the representative of The Bahamas and through election to the Executive Council of the International Telecommunications Union (ITU) and the Executive Committee Inter-American Telecommunications Commission (CITEL), assumed prominent leadership roles in both organisations. While the achievements are laudable, the change in organisational leadership and the resignation of two key support personnel created a challenge for URCA’s effective execution of its responsibility. Notwithstanding the human resource issues, URCA remains committed, with regulatory team support, to fulfilling its obligations as the country’s delegated representative. The Bahamas’ tenure on both committees ends in 2022. URCA will engage with the Government, early in 2022, to determine how the government wishes to proceed with The Bahamas’ executive level representation at the ITU and CITEL.

URCA recognizes that, as the national telecommunications regulator, there is significant value to URCA's continued participation in the ITU, CITEL, the Caribbean Telecommunications Union (CTU), the Organization of Caribbean Utilities Regulators (OOCUR) and other international telecommunications and energy regulatory organisations. In 2022, as URCA initiates public discussion on 5G and its potential implications for The Bahamas, the benefit of the knowledge and experience of its international regulatory associates could prove valuable to informing The Bahamas' strategy for the way forward. URCA will continue to build and reinforce alliances with its regional and international regulatory organisations and leverage those relationships to URCA's national regulatory benefit.

2.4 Building Regulatory Capacity and Human Capital

An organisation's commitment to learning and growth is one of the most critical areas of capacity building. In 2021, URCA continued with its effort to create an intentional approach to the development of its human resource capital. It resulted in the establishment of a new Learning and Development Framework, designed to ensure targeted instruction, strategically aligned with the organisational performance goals. Among the key benefits of this targeted approach is URCA's ability to leverage the investment in training during the past 12 years through an assessment of employee knowledge and expertise.

The full implementation of this Learning & Development Framework and accompanying initiatives are strategic priorities in 2022. Among the key initiatives is a review of the efficacy of the revised Performance Management tool, which aims to align performance with strategic objectives and an assessment of the impact of learning on URCA's overall performance.

Additionally, in November 2021, URCA introduced a Leadership Development Programme, with full implementation scheduled for early 2022. This initiative is intended to address the declining pool of internal leadership resources at the departmental, regulatory and executive levels. The current and future impact of the organisation depends largely on the extent to which URCA's internal environment lends to the cultivation of the next generation of regulatory leaders and subject matter experts. One primary objective of the *Emerging Leaders and Next Generation Regulatory Experts Programme* is the preservation and elevation of URCA's reputation as a credible, effective national utilities regulator.

URCA remains committed to addressing the high turnover of employees, particularly in the regulatory departments. URCA's ongoing Cultural Renewal initiative and the 2021 Compensation Review project are potential mitigation strategies. Notwithstanding the high level of employee turnover during the last

decade, URCA remains an attractive employer for young professionals and accomplished experts, seeking new, challenging and rewarding opportunities, as evidenced by the diversity of skills employed in 2021. URCA's Core Values, i.e., People Centred and One Team, highlight the significance URCA places on developing and sustaining a high performing, reputable team of regulators, supported by competent and highly effective operations personnel.

2.5 Educating and Supporting our Stakeholders

One of the major responsibilities of URCA'S Corporate and Consumer Relations Department is to drive consumer education and to lead meaningful public discourse on the Regulator's impact within our communities. Like many entities across the globe grappling with the COVID-19 pandemic, URCA embraced the use of digital technology to ensure continuity in communications with its national stakeholders.

Redirecting the department's communications strategy also meant retooling its traditional stakeholder engagement forums to a digital space. The Regulator hosted a series of webinars focused on sharing its 2021 Annual Plan, presenting its 2020 Annual Report and providing opportunities for national discussion on the regulatory work in both the Electricity and Electronic Communications sectors. With each webinar in 2021, URCA saw increasing public participation as stakeholders gradually embraced the digital space as an opportunity to engage with the Regulator. As an added benefit, recorded webinars allowed URCA to expand its engagement by making live sessions available from its social media platforms and website for future viewing.

Celebrating the 10th anniversary of its flagship outreach programme, Girls in ICT Day, URCA and its major licensees hosted a virtual event on April 22, 2021. Hundreds of young women from high schools and tertiary institutions across The Bahamas were able to participate in engaging and motivational sessions meant to foster greater interest in Information Communication Technology (ICT) for academic and career pursuits. URCA is hopeful that future expansion into a virtual event will allow the Regulator to further boost participation in New Providence and the Family Islands.

Beyond the use of webinars, URCA saw digital expansion as critical to maintaining ongoing stakeholder engagement. Throughout the year, URCA gradually increased its engagement on social media by providing a series of consumer tips related to protection, energy savings and use of electronic communications. The intent was to capitalize on the cost effective, far reaching, and efficient use of its digital communications platforms, especially in the COVID-19 era. Realizing the need for more robust and strategic digital

communications, URCA engaged a Digital Marketing Officer. The incumbent's primary responsibility is to oversee the expansion of the Regulator's footprint in the digital communications space.

By the end of 2021, URCA's Corporate and Consumer Relations team evolved to include a new Manager challenged to build on the early successes of the department. A brand awareness campaign, "Fair Play or No Play" was already in development and the team used the final months of the year to launch the campaign publicly. An aggressive approach was taken with widespread marketing in the digital media space as well as traditional media outlets. The main driver of the campaign was a 30-second video promotion appearing on digital media platforms and local television programming. Branched off from the video, print ads were generated for Newspaper and spin-off digital (still) advertisements helped to reinforce the concept and keep URCA top of mind among stakeholders.

The Regulator realizes that its evolution in digital marketing leaves a segment of the population untapped. Another major tenant of the "Fair Play or No Play" campaign was the need to, even on a limited basis, create printed communications for consumers in New Providence, Grand Bahama and the Family Islands. URCA partnered with local grocers on the various islands to distribute 3,000 "Fair Play or No Play" brochures via URCA branded reusable grocery bags. On an introductory level, the brochure highlights the role of URCA in the community with the hope to continue building on that knowledge to create a more informed and engaged public.

The plan for 2022 is to capitalize on its communications successes in 2021. Through its "Fair Play or No Play" campaign, the Regulator has been able to reach more than 100,000 individuals in the digital space alone. While it cannot quantify the reach via the other communications channels, one of the early goals of 2022 is to measure the initial success of this campaign, adjust as necessary and broaden the national communications strategy.

2.6 Legal Matters

In accordance with its mandate, URCA's Legal Department advised on various matters of legal significance during 2021 and assisted with URCA's compliance in the discharge of its statutory obligations and regulatory functions relative to the ECS and the ES. The Legal Department continues its oversight of URCA's litigation, engaging with and managing external counsel. The Legal Department also lends salient support in building and fostering an effective and efficient regulatory business environment.

2.6.1 Oversight of Litigation

The continuing Covid-19 pandemic in 2021 had no less effect on litigation matters than it did on other areas of operations within URCA. Highlighted below are three matters of significance during the 2021 period:

Grand Bahama Power Company Ltd. v URCA

The focus during 2021 was primarily on progressing the Grand Bahama Power Company Ltd. v URCA Supreme Court litigation. It was anticipated that the trial of the matter would take place during the year, but a recusal application filed by the Plaintiff (GBPC) and supported by the intervenor (Grand Bahama Port Authority) resulted in another trial delay. The current status is that the recusal hearing is still active before the court and the trial cannot commence until the recusal hearing has concluded.

CBL v URCA – UAT Appeal

ECS licensee Cable Bahamas Ltd. filed an appeal at the Utility Appeal Tribunal on 28 July 2021 against URCA's Interim Order dated 22 July 2021 and the ECS investigations regarding an alleged breach by CBL of the Code of Conduct for Content Regulations. CBL seeks (1) that the Interim Order be set aside; (2) damages and/or compensation as a result of the Interim Order; (3) costs of appeal; and (4) other relief as the Tribunal may deem just.

CBL v URCA - Supreme Court Application for Judicial Review Hearing

On 4 August 2021, a few days following the filing of CBL's UAT Notice of Appeal (highlighted above), CBL also filed two Ex Parte Summons for applications to the Supreme Court for Judicial Review.

Due to the UAT not being properly constituted at the time the Appeal was filed, the Court granted CBL's request for an expedited Supreme Court judicial review hearing, which was held on 13 September 2021. On 6 December 2021 the Honourable Court ruled in favour of URCA.

UAT Appeals

The two Utility Appeal Tribunal (UAT) matters reported in 2020, which stem from Electricity Sector regulatory decisions involving Bahamas Power and Light (BPL), remain pending to be heard by the UAT.

2.6.2 Advisory and Facilitative Functions

URCA's Legal Department carried out its advisory and facilitative role in matters related to the ECS and ES sectors, together with other documents produced by URCA, and advised on legal issues generally pertaining to the operational areas.

2.6.3 Risk Management

URCA remains committed to its Risk Management strategy and demonstrates this commitment through management's regular reviews of existing and mitigation plans agreed, incorporating recommendations of resulting internal audits and year-end reviews. Particularly, the year-end reviews create opportunity to determine areas for improvement and highlight workable strategies.

2.7 Summary of 2021 Outcomes

URCA performance in respect of Tier I and Tier II projects in the 2021 Annual Plan is set out in Table 1 and Table 2 below. The project completion timelines are expressed in trimesters (T1, T2 and T3).

Table 1 - Performance, 2021 Tier I Projects

Project	Start Period	End Period (2021 Annual Plan)	Status as of 21 December 2021
General Projects			
Implementation of URCA Organisational Performance Indexes	T2, 2020	T3, 2022	Ongoing
Market and Consumer Satisfaction Surveys	T2, 2020	T, 2022	Ongoing
Draft Annual Plan 2022	T3, 2021	T3, 2021	Completed 21 December 2021
Electronic Communications Sector Projects			
Review of Direct Internet Access Offers	T1, 2021	T3, 2022	Completed T2, 2021

Review of CBL Repackaging Application	T1, 2021	T2, 2021	Completed T2, 2021
Market Review of Mobile Services	T1, 2019	T3, 2021	Completed T3, 2021
Monitoring & Compliance	T1, 2020	T3, 2021	Completed T3, 2021
Review of Universal Service Framework	T2, 2018	T2, 2020	Carryover to T3, 2022
Market Assessment of the Feasibility of a Third Mobile Operator	T1, 2019	T3, 2021	Carryover to T3, 2022
ECS Comprehensive Market Surveys	T1, 2021	T2, 2021	Carryover to T3, 2022
Electricity Sector Projects			
Promotion of Energy Efficiency and Conservation	T2, 2019		Project ongoing. Assigned to CCR as a Public Education campaign.
Framework for Public Electricity Supplier Inspection	T2, 2019	T3, 2019	Carryover to 2022
Cost Based Tariff Policy for Renewable Energy Self Generation Project	T1, 2021	T2, 2022	Ongoing
Establishment of ADR Scheme(s) for the ES	T1, 2019	T2, 2019	Completed T3, 2021.
Electricity Sector Framework Development			
Technical Standards for Electricity Sector	T1, 2021	T2, 2021	Scope expanded. Carryover to T3, 2022 as Tier 1
Consultation Procedures (w/consideration of the ES)	T1, 2021	T2, 2021	Completed T3, 2021

Competition Guidelines for the ES	T2, 2021	T3, 2021	Carryover to T3, 2022
Guidelines for the Assessment of Breaches and Fines	T2, 2021	T3, 2021	Carryover to T1, 2022
Licensees Annual Plant and Operations Inspections	T2, 2021	T3, 2021	Carryover to T3, 2022 as Tier 1
Renewable Energy Progression/Advancement Programme			
Utility Scale Development Regulations	T1, 2021	T3, 2021	BPL's Renewable Energy Plan (REP) 2021, Approved APESL (REPs) Ongoing
Battery Storage Integration	T3, 2021	T1, 2022	Carryover to T3, 2022
Guidelines for Regulatory Accounting	T2, 2021	T1, 2022	Carryover to T3, 2022
Rate Reduction Bond	T1, 2019	T2, 2021	Completed

Table 2 - Performance, 2021 Tier II Projects

Project	Start Period	End Period	Status as of 21 December 2020
Electronic Communications Sector Projects			
Market Survey – FM Broadcasting and Pay TV	T3, 2018	T3, 2021	Completed T3 2021. Survey results will be published in T1 2022.
Review of Public Service Broadcasting Framework	T1, 2018	2022	Phase 1 Completed. Phase 2 scheduled as Tier 1 in 2022.
ICTs for Persons with Disabilities	T2, 2018	T1, 2022	Ongoing

Project	Start Period	End Period	Status as of 21 December 2020
Market Review – Fixed Services (Incl. Pay TV)	T3, 2019	2022	Carryover to 2022 as Tier I.
Electricity Sector Projects			
Tariff Review Framework & Tariff Setting Procedures	T1, 2020	T3, 2020	Completed T2, 2021
Fuel Hedge Review	T2, 2021	T2, 2022	Ongoing

3. URCA’s Plan for 2022

3.1 Strategic Outlook

The rapid evolution of the telecommunications and electricity sectors and the corresponding capacity to provide regulatory leadership are the catalysts for URCA’s strategic approach to 2022. As the government develops and employs its economic recovery plan amid the uncertainty and challenges of the COVID-19 pandemic, URCA’s leadership of the regulated sectors must be visionary, engaging and responsive to inspire stakeholder confidence that URCA’s 2022 project commitments are relevant and appropriate to the growth of these critical sectors that underpin the social and economic development of The Bahamas.

URCA's 2022 projects and initiatives have been identified to achieve the following objectives:

- re-affirm URCA’s commitment to the key elements of its 2017 strategic plan, with intentional focus on performance measurement;
- prioritize the development of URCA’s regulatory capacity to re-establish licensee confidence in URCA’s ability to effectively regulate the sectors;
- complete the development of the Electricity Sector’s Regulatory Framework, inclusive of a review of the National Energy Policy;
- revise the Electronic Communications Sector Policy to address the government’s position on emerging technologies, more specifically 5G;
- introduce a more engaging, collaborative regulatory approach with key stakeholders in both sectors;

- complete the regulatory work commenced in previous years in both the ECS and ES to continue strengthening measures to ensure full implementation of new and existing regulations; and
- develop and implement new strategies to address public education, consumer protection and public engagement.

3.2 Key Projects for 2022

This section identifies the Tier I and Tier II projects URCA proposes to work on during 2022 and includes projects brought over from 2021.

3.2.1 2021 Projects Carried Over

The following Tier I projects, scheduled for completion in 2021, were delayed beyond the anticipated completion date or were scheduled as multi-year projects and will be carried over from 2021 into the 2022 Annual Plan:

ECS

- Review of Public Service Broadcasting
- ICTs for Persons with Disabilities
- Review of Universal Service Framework
- ECS Comprehensive Market Surveys
- Mobile Assessment – Feasibility of a 3rd Operator
- Review of Fixed services including Pay TV

ES

- Competition Guidelines for ES
- Licensee Annual Plant & Operations Inspections
- Utility Scale Development Regulations
- Battery Storage Integration
- Guidelines for Regulatory Accounting

3.2.2 Tier I Projects

During 2022, URCA expects to work on and complete the projects listed in Table 3:

Table 3 – 2022 Tier I Projects

Project	Start Period	End Period
General Projects		
Implementation of URCA OPIs	T1, 2020	T3, 2023
Market and Consumer Protection Surveys	T3, 2020	T3, 2022
URCA 2023 Annual Plan	T3, 2022	T3, 2022
Electronic Communications Sector Projects		
Public Consultation on 5G	T1, 2022	T3, 2022
Market Assessment – Feasibility of a 3 rd Mobile Operator	T1, 2021	T2, 2022
Review of Public Service Broadcasting Framework	T1, 2022	T3, 2022
Review of Spectrum Management	T1, 2020	T3, 2022
Review of Universal Service Framework	T1, 2020	T3, 2022
Review of Fixed Services incl. Pay TV	T3, 2019	T3, 2022
Review of URCA’s Position on OTT Services	T2, 2018	T2, 2022
Electricity Sector Projects		
Electricity Market Study to inform National Energy Policy	T1, 2022	T3, 2022
Efficiency Study Audit	T1, 2019	T3, 2022
Technical Standards for the Electricity Sector	T1, 2021	T2, 2022

Project	Start Period	End Period
Licensees Annual Plant & Operations Inspections	T1, 2021	T2, 2022
Generation Licence	T2, 2021	T3, 2022

A description of Tier I projects that URCA will commence in 2022 is set out below. Where a project commenced in 2021 or earlier, the descriptions are available in the 2021 Annual Plan.

General Projects

Implementation of URCA OPIs

In 2020, URCA committed to initiating the phased implementation of its Organisational Performance Indexes (OPI) as an initial step toward the achievement of URCA’s strategic objective to establish more appropriate and meaningful methods of measuring its performance. Work on the implementation of the OPIs began with the development of the OPI Implementation Plan and the publication of the consultation document on the proposed Addendum to the *Market Information Reporting Requirements for Specified Licensees in the Electronic Communications Sector* (ECS 16/2020). URCA anticipates initiating a phased implementation in 2022, with full implementation scheduled for 2023.

Market and Consumer Protection Surveys

URCA has identified that a significant hindrance to its regulatory effectiveness is a lack of adequate information about stakeholder sentiments and behaviours within the regulated sectors. URCA intends to address this issue by commissioning one or more surveys to assess the markets in both the ES and ECS. URCA is confident that this will significantly enhance its ability to more effectively regulate these sectors in the interests of the public. It should be noted that the survey results will also be used as an input to URCA’s Performance Indices.

Draft Annual Plan 2022

During October through November 2022, URCA will commence work on its draft Annual Plan for 2023 to ensure publication for consultation before the end of 2022 as required by the URCA Act.

Electronic Communications Sector Projects

Public Consultation on 5G

The promotion of investment and innovation in electronic communications networks and services and the optimal use of radio spectrum are among the main policy objectives of the Electronic Communications Sector (ECS). The global push toward digital transformation is stimulating the current wave of innovation and investment in the telecommunications industry. Fifth Generation (5G) technology is the next phase of technological revolution, motivated by Artificial Intelligence, Big Data, smart technology and the creation of smart cities. In Small Island Developing States (SIDS), like The Bahamas, this paradigm shift requires a national commitment.

In 2022, URCA will lead engagements with stakeholders on this crucial issue. The National Public Consultation will be guided by, inter alia, the specific demand for 5G services in The Bahamas and the different roles/types of 5G services in relation to the current 4G/LTE mobile services. Through this public engagement process, URCA will seek to determine:

- the potential use cases of advanced mobile services, inclusive of 5G for government, businesses and end users;
- the geographic locations within The Bahamas where these advanced mobile services are needed; and
- the investment in the infrastructure required to facilitate 5G services.

URCA will engage the government and key telecommunications stakeholders on the national broadband infrastructure, inclusive of investment options, as a supplement to the public consultation.

Market Assessment – The feasibility of a 3rd Mobile Operator

As set out in the electronic communications sector policy, the Government of The Bahamas will consider whether further liberalisation of the mobile telephone market should be undertaken in the form of a third mobile operator. The policy requires that URCA provide advice and recommendations to the government on this matter, including a feasibility and market analysis to support any recommendations made. As this assessment is reliant on the information that will come out of the ongoing market review of mobile phone services, the feasibility assessment will begin once the mobile market review is completed.

Framework for Public Service Broadcasting

Countries such as the United Kingdom and Canada have enjoyed the benefits of Public Service Broadcasting (PSB) for many years through the BBC and CBC, respectively. On 7 July 2011, URCA published its Statements of Results in relation to PSB in The Bahamas and published a report with recommendations to the Minister responsible for Broadcasting about:

- the role of Public Service Broadcasting (PSB);
- the remit and corporate governance rules of the Broadcasting Corporation of The Bahamas;
- the preferred method of funding any PSB obligations that are recommended; and
- necessary amendments to the Broadcasting Act.

URCA proposes to engage with the government and consult with other key stakeholders in relation to the implementation of a Public Service Broadcasting (PSB) framework for The Bahamas. This work will be furthered in 2022 as a Tier I project, with completion anticipated in T3 2022.

Review of Spectrum Management

In January 2021, URCA embarked on an infrastructure upgrade to restore the National Spectrum Monitoring System. It is the initial step in a comprehensive review of URCA's Spectrum Management functions. This project contemplates the main electronic communications policy objectives outlined in Part II, Section 4(a) of the Communications Act, 2009, but more specifically "to promote the optimal use of state assets, including radio spectrum".

In 2022, as URCA initiates discussions with its key stakeholders and the public on 5G, the effective management of radio spectrum to achieve "optimal use and promote investment, innovation and sustainable competition" will emerge as priority issues. URCA's comprehensive review of the Spectrum Management functions will be forward looking in anticipation of continued sector evolution, growth and expansion.

Review of Universal Service Framework

URCA will carry out a review of the existing universal service framework. Universal service in regulated industries refers to the provision of reasonable access to a baseline of services to all individuals regardless of income status and geographic reach. This review is to give effect to the revised universal service obligations (USO) as per the sector policy. The revisions to USO include broadband Internet access to all locations and specified institutions that serve members of the public and public access pay terminals at

easily accessible locations. URCA will also seek to vigorously enforce those USO that are not subject to revisions – multi-channel television services, public payphones and voice telephony access. URCA will also examine what effects, if any, the evolution of telecommunications technology, particularly 5G, will have on the delivery of Universal Service obligations. URCA proposes to commence the review in 2022 and complete the entire exercise over a three-year period.

Market Review Fixed Services Incl. Pay TV

URCA recognises the need for a market review of Fixed Services, i.e., fixed voice, fixed broadband and pay TV. The commencement of this project was impacted by the delayed implementation of the wholesale Dedicated Internet Access (WDIA) obligations. The implementation of WDIA experienced significant delays due to the need for input from both operators. URCA anticipates commencing the market review of fixed services in early 2022.

Review of URCA’s Position on OTT Services

In December 2018, URCA published its position on Net Neutrality and OTT Services in The Bahamas (ECS 12/2018). At that time, URCA sought to align its position with the objectives of the Electronic Communications Sector Policy (ECSP). URCA acknowledges the accelerated pace of technological innovation and the rapid development of Information Communication Technologies (ICTs) as catalysts for global digital transformation. OTT services are among the ICT options used to facilitate the global technological shift. URCA is cognizant of the presence of OTT services in the national telecommunications space and the sentiments of the major telecommunications licensees. URCA is also mindful of the sector policy overarching priority, to promote ICTs as the third pillar of the Bahamian economy and the Section 4(ii) provision of the Communications Act 2009 (Comms. Act), “to promote investment and innovation in electronic communications networks and services.” In 2022, URCA will conduct a comprehensive review of OTT services, which will consider the current global realities, potential harm to licensees and alignment with ECS Policy.

Electricity Sector Projects

Electricity Market Study to Inform National Energy Policy

The first edition of the “National Energy Policy” (NEP) was released by the Government of The Bahamas in 2013 with a forward-looking agenda to the year 2033. It is noted that the 2013 release promoted some very noble goals which are still relevant today and included, inter alia, the following:

- “To enhance energy security in the nation through diversifying the energy supply mix;

- to increase energy access especially in New Providence and in the Family Islands;
- to facilitate employment creation and empowerment;
- to protect the environment and mitigate climate change; and
- promotion of best practices in efficient energy use and conservation of energy.”

Key policy objectives are outlined in section 5 of the Electricity Act, which also requires the Minister to revise the policy every five years. It is URCA’s view that technological advances in the electricity sector; the resultant effects of Hurricane Dorian and the Covid -19 pandemic; and changes in economic landscapes worldwide, all warrant a comprehensive review with a holistic plan as we progress to 2033.

To this end, URCA will undertake an Electricity Market Study, consistent with its remit, to inform the next revision of the NEP and in keeping with the mandate to aid in the formulation of government policy.

Efficiency Study Audit

A management and operational audit is best viewed as a diagnostic examination of how well an organisation is being managed and operated. In recent years, Bahamas Power and Light (BPL) has faced problems across the full range of its Generation, Transmission, Distribution and Supply (GTDS) services, which have resulted in diminished quality of services, increased costs and overall value for money concerns. In this regard, URCA proposes to conduct an Efficiency Study of BPL, and in doing so to develop a tool or procedure that would facilitate similar audits of BPL and other licensees going forward.

It is noted that this project was carried over for the past two years at the request of the licensee. However, as URCA views this project as setting the datum for several critical operational and administrative observations such as tariff reviews and integrated resource planning that are required to inform regulatory measures and decisions, we are of the view that the project should commence as a comprehensive Efficiency Study is required to delve into all aspects of the organisation.

Technical Standards for the Electricity Sector

In the investigation of several recent complaints, it became apparent that the standards set out in the legislation prior to the enactment of the Electricity Act, 2015 were not saved or expressly incorporated in the new legislation. System supply and service standards have been captured in the Bahamas Power and Light (BPL) Consumer Protection Plan, per the requirements of section 40 of the Electricity Act; however, this is not the case for the authorized public electricity suppliers (APES) in the sector. While it is held that the repealed standards can still be relied upon, based on the principles of implied terms in continuous

contracts, the department intends to consult on and update, as necessary, those standards to eliminate any ambiguity that may exist as a result of a void left by the change in legislation.

Licensees Annual Plant & Operations Inspections

Inspections of power-producing assets and sites are important to ensure that plant operators and crews are working in a safe environment and serve as an instrument of accountability to ensure that licensees are maintaining assets that are providing safe, reliable, least-cost and environmentally sustainable electricity to its consumers. The Electricity Act, 2015 section 37(2)(n) stipulates that URCA shall: “engage inspectors as required, at the costs of the licensees, to conduct inspections of public electricity suppliers for compliance with the terms and conditions of their licences.”

While section 32 of the Electricity Act speaks specifically to an “annual” inspection of public electricity suppliers in the Family Islands, it goes even further to outline those aspects of the licensees’ plants and operations that should be inspected. In this regard, the need exists for the framework for such inspections to be established in order to ensure compliance with the statutory requirements, as well as certainty, clarity and fairness in the process. The department anticipates the production of a set of guidelines that will outline various aspects of such inspections including, inter alia, the following:

- rights of entry and inspection;
- verification of the use of materials for which customs duties exemption or refunds have been given;
- safety measures and safeguards compliance;
- accounting and maintenance records; and
- general housekeeping.

Generation Licence

Further to the issuance of the licensing guidelines. URCA proposes to establish a generation licence, which will address that segment of the standby generation market that falls outside of the statutory emergency exemption limits. In essence, the licence will be applicable to operators of private generation in excess of 1 MW whether for emergency or full-time service purposes. The typical licensee would be large commercial consumers such as manufacturers, hotels and private island operators. URCA notes that while the intended applicants' generation capacity will be at utility-scale levels, the applicants may not provide transmission, distribution or supply services or operate a vertically integrated utility warranting an Authorised Public Electricity Supplier Licence.

3.2.3 Tier II Projects

The projects set out in this section are those which URCA intends to work on during 2022. URCA considers these projects to be significant to the organisation or the regulated sectors. Hence, URCA will endeavour to complete these projects in the shortest possible timeframe.

Table 4 – 2022 Tier II Projects

Project	Start Period	End Period
Electronic Communications Sector Projects		
ECS Comprehensive Market Surveys	T3, 2019	2022
ICTs for Persons with Disabilities	T1, 2018	T2, 2022
Review of Code of Practice for Content Regulation	T1, 2022	2023
Electricity Sector Projects		
Competition Guidelines for the ES	T1, 2021	2023
Battery Storage Integration	T2, 2022	2023
Guidelines for Regulatory Accounting	T2, 2022	2023

Electronic Communications Sector Projects

ICTs for Persons with Disabilities

One of URCA’s main objectives of the electronic communications sector policy is, “promoting affordable access to high quality networks and carriage services in all regions of The Bahamas”. Information Communication Technologies (ICTs) is considered a realistic approach to ensuring indiscriminate access for all consumers to telecommunications services. In 2021, URCA took the initial steps in exploring the possibilities and made significant progress. The initial phase focused on research to compile the data necessary and determine the way forward. That phase of the project is nearing completion. URCA will

engage with telecommunications providers and representatives of the disabled communities to help inform the development of a position paper for publication during the first trimester of 2022.

Review of Code of Practice for Content Regulation

In 2020, URCA published its revised Code of Practice for Content Regulation (ECS 08/2020). The revised code addressed certain provisions of Part 6, Political Broadcasts and Political Advertisements but more specifically, section 6.7 dealing with Prohibitions on polling day; Part 7, Advertising and Sponsorship with focus on the Gambling provisions outlined in section 7.9 and Part 10, Complaints Handling Process.

In September 2021, Broadcasters re-ignited their complaints about the section 6.7 of the revised code. In their opinion, URCA should review the prohibitions on broadcasting content throughout the polling day, considering the fact that URCA's Broadcast Content Regulations do not govern content delivery platforms on the internet, inclusive of the social media platforms of national media houses.

In 2022, URCA will conduct a comprehensive review of the Content Code with primary focus on the relevance of specific sections of the code in the rapidly evolving online content industry. The review will consider the unregulated internet based content delivery platforms and the competition impact on traditional broadcast entities.

Electricity Sector Projects

Competition Guidelines for the ES

While it is noted that the ES is currently comprised of monopolistic holdings, the Electricity Act, 2015, as constructed, does allow for the unbundling of the industry and inherent competition. As at least one of the major PESLs in the country is actively considering a power purchase agreement and/or possible joint venture, the department deems it necessary to establish the guidelines on the application of the competition and merger control provisions set out in Parts XI and XII of the Electricity Act at the earliest possible opportunity. The Competition Guidelines were included in the 2021 proposed schedule of works; however, preliminary research revealed that this matter was significantly more complex than initially anticipated, thereby, warranting the engagement of subject matter experts and rescheduling to 2022. In this regard, the department intends to issue a request for proposals for the necessary consultancy services in the first trimester of 2022 to complete the Competition Guidelines within the year.

Guidelines for Regulatory Accounting

Condition 54 of the PESL requires a licensee to maintain separate accounts for generation, transmission, distribution and supply services.

URCA has the remit to determine the specified period -

- a) by which licensees shall prepare and maintain accounting records in a form that enables the activities of any business unit specified by URCA to be separately identifiable; and
- b) the accounts shall be maintained according to internationally comparable standards and prepared according to rules approved by URCA.

The main aim of accounting separation is to ensure the information provided is in a format that is clear and useable by the regulator. URCA will be able to examine generation, transmission, distribution and supply as separate business units while allowing the PESLs to remain vertically integrated.

BPL's operating licence embodies three principles which are the basis that should form the regulatory accounting framework namely:

- BPL is obliged to purchase its inputs economically, that is, whenever possible; and
- There should be a prohibition on anti-competitive behaviour including subsidies between BPL and associated parties.

To ensure these requirements are met, BPL will be required to adopt rules for completing the regulatory accounts for submission to URCA.

3.2.4 2022 Consultation Timelines

While URCA will carry out several activities during 2022, as noted in the previous section, not all of these will involve public engagement and consultation throughout the process. Table 5, below, outlines the major public consultations proposed for 2022, including anticipated publication timeframes

Table 5 - 2022 Consultation Schedule

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
Guidance on the Assessment of Fines for Breaches	T1	T1
Technical Standards for the Electricity Sector	T1	T2
Licensees Annual Plant & Operations Inspections	T2	T3
Generation License	T2	T3
Competition Guidelines for the ES	T3	T3
Market Review Mobile Services	T1	T2
Framework for Public Service Broadcasting	T2	T3
Public Consultation on 5G	T2	T3
Market Review Fixed Services incl. Pay TV	T2	T3
Review of URCA's Position on OTT Services	T2	T2

4. URCA’s Key Performance Indicators (KPIs) for 2022

Pending completion of the OPI implementation process, in 2022 URCA proposes to evaluate its effectiveness through:

- Identification and adoption of appropriate key performance indicators (KPIs), based on statutory requirements and regulatory and management best practices;
- Measurement and monitoring of those KPIs; and
- Publication of an Annual Report on its operations and performance.

KPIs for URCA’s work completed in 2022 will be tabulated and included in URCA’s 2021 Annual Report, which will be published by the end of April 2022. URCA provides, below in Table 6, the indicators which will be adopted for 2022.

Table 6 - 2022 Performance Indicators

Statutory/Regulatory	Finance	HR	IT
Draft Annual Plan & Strategy published before the end of the financial year	Cost of the Finance function as a percentage of total operating expenditure	Cost of the HR function as a percentage of expenditure	Cost of IT function as a percentage of total expenditure
Annual Report and final Annual Plan published within four months of year-end	Period-end cycle time (working days to close) Year-end cycle time (working days to close)	Cost of HR function per employee	Organisational ICT spend (investment in ICT infrastructure & hardware across the organisation)
Final Determinations to be published within one month from the closing date for comments on Preliminary Determination	Forecasting accuracy	The ratio of employees (full-time equivalent) to HR staff	Percentage who can access the network and system remotely
Percentage of public consultations started within the period stated in the Annual Plan	Cost of Licensee invoicing	Average days for the full-time employee per year invested in learning and development	
Time to publish results, decisions, and other regulatory measures after the close of consultation:	Debtor Days	Cost of learning and development activity as a percentage of total payroll	

45-60 days 60-90 days >90 days			
<u>Consumer Complaints</u> Number of complaints received Percentage of total complaints resolved Complaints unresolved for >60days and the average time taken to resolve complaints	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	
Licenses issued within: 30 days - individual licences 45 days - class licences The volume of licences processed in the year	Long outstanding debt (>90 days) as a percentage of total debt	Percentage of roles filled by permanent and contract staff	
		Average lapse time (working days) from vacancy/advertisement occurring to the acceptance of an offer for the same post	
		Percentage of people in the role after 12 months of service	
		The percentage of employees who left the organisation during the year	

5. URCA’s Draft Budget 2022

5.1 Overview

URCA will ensure that it has sufficient finances to meet its regulatory mandate and is committed to delivering the best possible service to its stakeholders. In so doing, URCA will also ensure that it provides a full accounting of its activities as required by section 41(1)(b) of the URCA Act.

URCA’s draft 2022 Budget is separated into discrete budgets for the ECS and the ES, in accordance with section 39 of the URCA Act. These budgets anticipate the level of expenditure necessary to provide regulatory supervision of both sectors, and as such, the budgets seek to recover the same through the imposition of fees on licensees in the ECS and the ES in accordance with section 92 of the Communications Act 2009 and section 54 of the Electricity Act 2015.

The combined draft budget for URCA’s activities (including both ECS and ES regulation) is set out in Table 7 below, as compared with budgeted expenditure for the two preceding years.

Table 7 - URCA Draft Budget 2022

Category	2020	2021	2022
Staff Costs	2,395,531	2,550,296	3,117,637
Non-Executive Compensation	218,020	184,000	184,000
Executive Compensation	528,543	444,685	473,773
Professional Services	857,000	882,000	640,000
Conferences, Training, and Travel	569,248	68,680	96,521
Premises Costs and Utilities	478,485	372,500	212,200
Consumer Education and Public Relations	320,250	273,000	276,000
Office Services	323,505	167,300	182,700
Information Technology	173,325	224,000	210,500
General and Administrative Expenses	349,250	754,301	857,000
Total Operations Expenditure (OPEX)	6,213,157	5,920,762	6,250,331
Depreciation	304,814	296,835	447,670
Total Operating Budget Recovered through URCA fees	6,517,971	6,217,597	6,698,001
Capital Expenditure	679,600	675,500	532,400

Overall, URCA's proposes an increase to its operating budget (excluding depreciation) for 2022 by approximately 6% compared to 2021. Some of the key changes are explained below:

- In 2021, URCA's staff count increased by four persons to 34 at the end of the year. In 2022, URCA is seeking to achieve a further 15% increase in its staff complement, growing from 34 to 39 employees. As a result, URCA's staff costs are projected to increase by 22% reflecting continued efforts to adequately staff the organisation ensuring that the sectors are properly regulated.
- Budgeted spending on Professional Services in 2022 will decrease by 27% year over year due to significant carryover funds from 2021 for incomplete projects. Regulatory projects including various surveys, reviews, market assessments and litigation (to be tried) will continue in 2022.
- Spending on conferences, training and travel will increase by 41% due to the anticipated resumption of in person travel for regulatory meetings, staff training and renewed regulatory monitoring.
- Premises costs and utilities will decrease in 2022 due to significant carryover and expected reduction in repairs, maintenance, and cleaning of the building due to the building upgrades completed in 2021.
- General and administrative expenses will increase by 14% of total operating expenses due to 2022 budget allocation for bad debt resulting from uncollected balances and ongoing matters currently under Judicial and Tribunal reviews.
- URCA's Capital Expenditure budget is anticipated to decrease year over year as major capital projects planned in previous years, such as URCA's solar canopy installation and building upgrades, are complete and smaller scale projects on URCA's elevator and generator are scheduled to commence in the new budget year.

5.2 Electronic Communications Sector Budget 2022

Table 8 shows a summary of URCA's draft 2022 budget for its regulatory activities in the ECS, as compared with its budget for the preceding two years.

Table 8 - ECS draft Budget 2022

Category	2020	2021	2022
Staff Costs	1,394,537	1,469,689	1,793,176
Non-Executive Compensation	174,416	110,400	110,400
Executive Compensation	258,258	201,049	226,788
Professional Services	746,750	503,250	601,200
Conferences, Training, and Travel	384,948	36,935	40,834
Premises Costs and Utilities	311,016	265,425	144,330
Consumer Education and Public Relations	160,125	144,000	138,000
Office Services	249,629	131,975	137,700
Information Technology	121,328	179,200	168,400
General and Administrative Expenses	288,088	317,487	405,984
Total Operations Expenditure (OPEX)	4,089,093	3,359,410	3,766,812
Depreciation	250,595	243,809	380,520
Total Operating Budget Recovered through URCA fees	4,339,688	3,603,219	4,147,332
Capital Expenditure	557,660	574,175	452,540

Further explanation of each expense category in the ECS budget is set out below:

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to increase in 2022 by 12% when compared to the previous year in its steadfast efforts to promote the policy objectives of the ECS.
- Overall staff costs for the ECS have increased significantly by 22% due to the proposed addition of new hires made necessary by the volume of work expected in the ECS during 2022 and ensuring sustainable human resources are available through effective succession planning and continued efforts to cross-train professional staff in both sectors.
- Professional services expenditure is anticipated to increase by 19% notwithstanding significant carryover of previous year’s budget allocation due to regulatory projects extending into 2022, including scheduled market assessments, surveys, reviews and litigation related to the ECS.

- Premises costs and utilities are budgeted to decrease by 46% due to significant carryover and reduced repairs, maintenance and cleaning of the building due to the building upgrades completed in 2021.

General and administrative expenses are anticipated to increase by 28% due to an increase in bad debt expense as it relates to outstanding ECS matters.

5.3 Electricity Sector Budget 2022

Table 9 provides a summary of URCA’s draft 2022 budget for its regulatory activities in the ES, as compared with its budget for the preceding two years.

Table 9 - ES draft Budget 2022

Category	2020	2021	2022
Staff Costs	1,000,994	1,080,608	1,324,461
Non-Executive Compensation	43,604	73,600	73,600
Executive Compensation	270,285	243,635	246,985
Professional Services	110,250	378,750	38,800
Conferences, Training, and Travel	184,300	31,744	55,687
Premises Costs and Utilities	167,471	107,075	67,870
Consumer Education and Public Relations	160,125	129,000	138,000
Office Services	73,876	35,325	45,000
Information Technology	51,998	44,800	42,100
General and Administrative Expenses	61,163	436,816	451,015
Total Operations Expenditure (OPEX)	2,124,064	2,561,353	2,483,518
Depreciation	54,219	53,025	67,151
Total Operating Budget Recovered through URCA fees	2,178,283	2,614,378	2,550,669
Capital Expenditure	270,800	101,325	79,860

Explanations of changes in the major expense categories are as follows:

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to decrease in 2022 by 3% when compared to the prior year due to continued emphasis on cost containment while ensuring the regulatory mandate of the Utilities and Energy sector is adequately addressed.
- Staff Costs is anticipated to increase by 22% as the human resource element in the Utilities and Energy Department is enhanced to ensure appropriate oversight of the ES.
- Professional services expenditures are anticipated to decrease significantly by 90% due to carryover of projects such as regulatory studies and reviews and budget allocations for litigation and appeals.
- Conferences, training and travel costs are budgeted to increase due to a resumption of in person training for staff that aligns with their designation and long-term planning strategies.
- Premises costs and utilities are budgeted to decrease by 46% due to significant carryover and reduced repairs, maintenance and cleaning of the building due to the building upgrades completed in 2021.
- General and administrative costs are budgeted to increase by 3% in 2022 due to the provisioning for matters under Judicial Review.