

**URCA**  
**DRAFT ANNUAL PLAN**  
**2023**

**STATEMENT OF RESULTS**  
**AND FINAL DECISIONS**

**URCA 02/2023**

**Issue Date: 31 March 2023**

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# Statement of Results

## 1. Introduction

The Utilities Regulation and Competition Authority (URCA) published its URCA Draft Annual Plan 2023 (“the Draft Annual Plan”) on 21 December 2022, in compliance with Section 41(4) of the Utilities Regulation and Competition Authority Act (“the URCA Act”).

URCA intends to publish its 2023 Annual Plan on or before 30 April 2023 as part of its 2022 Annual Report. URCA believes that this Annual Plan will significantly impact organizations/persons carrying on activities in the telecommunications and electricity sectors, the public and the government of The Bahamas.

Section 9 of the URCA Act establishes a statutory duty for URCA to consult when issuing regulatory and other measures, subject to any specific procedures under any regulated sector law which are in the opinion of URCA, of public significance. Therefore, URCA invited comments from the public, licensees, and other interested parties (collectively referred to as “Stakeholders” or “Respondents”) on the matters contained in the Draft Annual Plan

### Consultation Process

Therefore, in anticipation of the publication of the Final version of the Annual Plan in April 2023 and to fulfil the requirement in Section 9 of the URCA Act, and Section 1.2 of the Draft Annual Plan URCA, invited comments and submissions from members of the public, licensees and other interested parties on the matters contained in the Draft Annual Plan on or before 10 February 2023.

In addition to URCA’s commitment to engage with stakeholder when developing the Draft Annual Plan, URCA, on Monday, February 13<sup>th</sup> 2023, held a hybrid (virtual/in-person) stakeholders’ forum to present the URCA’s draft Annual Plan to stakeholders and interested parties. URCA has considered comments and included comments made during the forum as part of the comprehensive responses to the draft Annual Plan.

## Written Responses

1. URCA's 10 February deadline for submission of responses required an extension. Having received requests from stakeholders to extend the deadline, URCA, in response to the licensees, extended the deadline to 17 February 2023. However, at the expiration of the deadline, URCA had not received comments from any Licensee in the Electricity Sector. In order to secure participation from both regulated sectors, and to receive as diversified a response as possible, URCA issued a final extension of the deadline of 13 March 2023. In this Statement of Results, URCA summarises the Respondents' comments, outlines URCA's positions and communicates the results of the public consultation to stakeholders. The public, licensees and other interested parties may download the Draft Annual Plan from URCA's website at [Draft-Annual-Plan-2023\\_21DEC2022-1.pdf \(urcabahamas.bs\)](#) and complete copies of the submissions from the Respondents at [www.urbahamas.bs](http://www.urbahamas.bs).

By the expiration of the final extension on 13 March 2023, URCA had received written comments from the following stakeholders (the "Respondents"):

1. The Bahamas Telecommunication Company (BTC)
2. Cable Bahamas Limited and Be ALIV Limited, jointly (CBL & ALIV)
3. Debbie Deal
4. Bahamas Power and Light (BPL)

URCA thanks all Respondents to this consultation process for their invaluable contributions and encourages full participation by all Stakeholders in the future. URCA has carefully considered all comments and recommendations received during the consultation process to finalise URCA's 2023 Annual Plan.

### **1.1 Structure of the Statement of Results and Final Decision**

In each section of this Statement of Results, URCA reiterates the entire contents of the related section in the Draft Annual Plan, summarises the respondent's comments, and articulates its Final Decision on the issue. The various sections are set out as follows:

Section 1: Introduction and General Comments

Section 2: Strategy Overview for 2023

Section 3: Priorities for 2023-2024

Section 4: Key Performance Indicators for 2023

Section 5: Budget for Fiscal Year 2023

Section 6: Project Description and Progress Update

Section 7: Conclusions and Next Steps

## **1.2 BTC General Comments**

### **1.2.1 BTC General Comments**

BTC has provided general comments on Electricity Reliability and Quality, Monitoring & Compliance, Teaching & Training, Operational Model and Transparency. They have expressed concern about the lack of reliable and quality electricity, lack of feedback from URCA on operators' reporting obligations, the need for URCA to teach, train and raise the awareness of stakeholders, judicious use of resources from URCA and more transparency from URCA in areas impacting the sustainability of operators.

### **1.2.2 CBL & ALIV General Comments**

CBL/Aliv urged URCA to increase collaboration with stakeholders, facilitate educational sessions for Ministry officials, review its Budget for fiscal prudence, and maintain focus on URCA's Vision Statement. They highlighted the importance of collaboration in ICT regulation, noted URCA's commitment to education, and emphasised the importance of the public interest when making decisions.

### **1.2.3 Deborah Deal General Comments**

Deborah Deal missed the normal submission deadline, but by email, this respondent confirmed reading the Draft Annual Plan and stated that there needed to be more time to question or add. However, the respondent argued that the limitation of having to remain on the electricity grid when supplying and installing renewable energy is seen by the reader as too broad and should allow people who wish to go off the grid to do so. They could agree to stay on the grid if the energy supply was consistent and the cost was reasonable. In addition, the reader gives an example of a homeowner whose fuel surcharge doubled

from the previous year, illustrating the potential impacts of the energy cost and the need for renewable energy sources. Deal offered further comments on the Plan.

#### **1.2.4 URCA Response**

URCA thanks the respondents for your thoughtful comments. We appreciate your feedback and agree that collaboration, education, fiscal prudence, and emphasizing the public interest are all critical factors in ICT and Electricity/Energy regulation. We also understand your concern about the limitation of remaining grid-tied when supplying renewable energy. URCA advises the Respondent that grid-connected customers are not obligated to purchase power from BPL. Persons with renewable energy systems with storage can design their systems and manage their usage such that they do not have to purchase utility-generated power. Notwithstanding that, URCA will consider your comments in future decisions and is committed to making energy supply more consistent and affordable.



## 2. Strategy Overview for 2023

In this section, URCA sets out its strategy for meeting the objectives of the Comms Act, the Electricity Act, and the related sector policies.

As the Electronic Communications Sector (ECS) and Electricity Sector (ES) regulator, URCA concentrated primarily on facilitating sector responses to the COVID-19 pandemic, which created a paradigm shift in the national and global reliance on telecommunications and electricity. The heightened reliance on Information Communication Technologies (ICTs) resulted in an exponential demand for ubiquitous deployment of electronic communication services and reliable energy supply supported by a high quality of service to consumers. URCA's licensees in both sectors are trying innovative approaches to meet the growth in demand for their services and restore normalcy of operations across social and economic sectors. In the past three years, URCA has attempted to remain agile and adaptive to respond to stakeholder needs in the dynamic environment influenced by the COVID-19 Pandemic. This approach significantly impacted URCA's work plan in 2022.

In 2023, URCA will take a more strategic approach to deliver on its mission of "improving lives through effective utility regulation". URCA intends to measure its performance against the objectives established in the Annual Plan by fully implementing URCA's Organizational Performance Index, designed to effectively measure URCA's impact on the regulated sectors. Additionally, URCA will develop and implement a well-researched assessment tool to more accurately determine the allocation of URCA's operational costs across the regulated sectors to assist our leadership team in ensuring that URCA's activities reflect its strategy, industry needs, consumer preferences, and government policy objectives and help drive URCA's strategic imperatives, which include:

- **Creating an impact** that reflects URCA is furthering the interests of the public (quality, price, reliability, efficiency and value for money);
- **Building Stakeholder** confidence in URCA's activities;
- **Developing internal processes** that are practical and functional through governance oversight, development and implementation of regulations, and procedures for interaction with consumers; and

- **Sustaining and improving the learning and growth** of employees to ensure the organisation is building capacity to remain skilled, collaborative, internationally aware and internally motivated.

URCA's strategic approach will assist the leadership with navigating the stages of the regulatory cycle by aiding leadership and their teams with the following:

- Identifying impactful and needed regulatory projects that are aligned with the Communications Act, the Electricity Act, the National Energy Policy and the Electronic Communications Sector Policy;
- analysing and justifying any proposed intervention and, where applicable, monitoring outcomes;
- explaining the strategic and economic rationale for regulatory interventions;
- gathering relevant information;
- ensuring timely production of consultations and decision-making;
- reviewing the decision against the original objectives;
- using a post-project review, identifying the extent of compliance by licensees; and
- assessing ex-post outcomes of consumer, stakeholder and industry engagements.

As in previous years, URCA will approach its overarching objectives under three main categories of work: (1) General, (2) ECS-related Projects and (3) ES-related Projects. General projects include applicable projects across both the electronic communications and electricity sectors and projects that advance other organisational initiatives and objectives. ECS-related projects should bridge gaps in the electronic communications sector's regulatory, licensing, compliance and enforcement framework. Similarly, ES-related projects aim to bridge gaps in the electricity sector's regulatory, licensing, compliance and enforcement framework.

URCA reminds our stakeholders that all projects fall into two categories: Tier I or Tier II. The Tier I projects are significant and urgent in the regulated sectors; therefore, URCA will ensure that it directs all available

resources to achieve completion according to scheduled dates during the current year. Tier II projects are also directly crucial to the organisation or regulated sectors. Though URCA undertakes to complete these projects in the shortest possible timeframe, URCA does 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.
- There needs to be more certainty about adequate resources to complete the project within a specific timeline.
- URCA has limited control over the completion date (e.g., approval is external to URCA). For example, the Communications Act and the Electricity Act require URCA to consult with the Minister or seek the Minister's approval on certain matters (such as the drafting of The Electronic Communications Sector Policy and the National Spectrum Plan). In such cases URCA is obliged to await the Government retort and approval.

By taking a more strategic approach and intentionally driving performance to higher levels by measuring impact, stakeholder confidence, the effectiveness of internal processes and sustainability of our learning and growth programs, we will meet the objectives of the Comms Act, the Electricity Act, and the related sector policies.

### **2.1.1 BTC Comments**

BTC is pleased that URCA recognises the work and innovation of the ECS and ES to meet national and global demands for telecommunication and electricity services. BTC believes that URCA's evolving regulatory role and purpose should involve collaboration and partnership with operators. To ensure success, BTC recommends that URCA's four strategic imperatives include a formal operator engagement approach.

As the country emerged from the two Covid-19 years in 2022, the pandemic caused a dynamic environment in which Licensees had to take innovative approaches to meet the exponential demand for services. The Group was satisfied that it provided high-quality services to consumers. URCA was praised for stepping back from rigorous regulation and allowing Licensees some flexibility. The pandemic propelled the digital transition agenda, introducing new, more efficient business methods. URCA aims to take a more strategic approach to improve lives through effective utility regulation while balancing the

interests of Licensees to ensure no harm is caused to the operations or financial health. URCA consists of skilled employees with specialised expertise in regulation, but the employee turnover rate is a cause of concern, and exit interviews should be conducted to understand the reasons. URCA should examine its organisation to identify systemic causes for the high turnover and its impact on the completion of projects.

### **2.1.3 URCA Response**

URCA accepts and appreciates BTC's thoughtful and well-considered responses, as well as the recognition of URCA's evolving role and purpose. URCA agrees that its four strategic imperatives should include a formal approach to operator engagement, which URCA began in late 2021 and is committed to continuing. URCA is examining its organisation to identify systemic causes for the high turnover and its impact on the completion of projects. We look forward to working collaboratively with our stakeholders to ensure the success of our joint initiatives.

### **3. Priorities for 2023-2024**

In this section, URCA sets out the priorities of URCA for 2023 and 2024. The priorities in this section reflect and advance the Electronic Communication Sector Policy (ECSP) and the National Energy Policy (NEP). Therefore, if necessary, URCA may adjust these priorities to remain aligned with any sector policy published by the Government of The Bahamas in any regulated sector under the terms of the Comms Act, the Electricity Act or any relevant law.

#### **3.1 Projects Carried Over from 2022**

In the 2022 Annual Plan, URCA committed to undertaking three general projects, ten ECS-related projects and eight ES-related projects. However, in 2021 and 2022, unexpected team member turnover led to shortfalls in the project teams that adversely impacted the advancement of some projects. It is important to note that two of the projects to be carried over (i.e., Review of the Universal Service Framework and Review of Public Service Broadcasting Framework) require input from the Government and/or the finalisation of the 2023 – 2026 ECS policy.

Additionally, the 2021 General Election led to a change in Government and, subsequently, new government policy objectives that required adding several high-priority ad hoc projects to URCA's 2022 workplan. Reallocating financial and human resources to priority ad hoc projects resulted in URCA lacking the resources to complete some of the projects named in the 2022 Annual Plan. URCA will give a complete account of the ad hoc projects in the 2022 Annual Report, which URCA will publish in the first trimester of 2023. URCA will continue its work on most of those projects in 2023. Table 1 lists the projects that URCA will carry over to the 2023 workplan.

**Table 3.1: Project from the 2022 Workplan That Will be Carried Over to the 2023 Workplan**

General Projects Carried Over to 2023	Electronic Communication Sector Projects Carried Over to 2023	Electricity Sector Projects Carried Over to 2023
Implementation of URCA OPIs	Review of Public Service Broadcasting Framework	Efficiency Study
	Review of the Spectrum Management	Technical Standards for the Electricity Sector
	Review of the Universal Service Framework	Licences Annual Plant & Operations Inspections
	Review of Fixed Services, including Pay TV	Generation Licence
	ICTs for Persons with Disabilities	Competition Guidelines for the ES
	Review of Code of Practice for Content Regulation	Battery Storage Integration
		Guidelines for Regulatory Accounting

### **3.1.1 BTC Comments**

BTC recognises URCA's explanations for the numerous carry-over projects in the ECS and ES sectors in 2022, as well as the shift to prioritising ad hoc projects. Nonetheless, BTC is worried that the high number of multi-year and carry-over projects will limit room for new ideas and flexibility for ad hoc projects. BTC awaits further details of these projects in the 2022 Annual Report.

### **3.1.2 CBL/ ALIV Comments**

URCA's statement on the carry-over of projects from 2022 identifies the challenges licensees face and the potential implications of abandoning or not completing projects. Licensees have noted that one of the scheduled projects, a review of URCA's position on OTTs, still needs to be started and appears to have been abandoned. The review of the Universal Service Framework needs to be shorter. URCA is applauded for its reinstatement and expansion of its collaborative regulatory approach, which seeks to engage various stakeholders, regulators and agencies to find mutually beneficial outcomes. This approach is helpful in the sector, as the changing telecommunications investment model requires stakeholder collaboration.

### **3.1.3 URCA Response**

URCA appreciates the feedback from BTC and CBL/ALIV and is committed to following through on the numerous carry-over projects in the ECS and ES sectors in 2022. URCA is also committed to prioritising ad-hoc projects while maintaining flexibility for new ideas. URCA will provide further details of these projects in the 2022 Annual Report. Regarding the review of URCA's position on OTTs, URCA has decided to explore alternative approaches to the review that may be more beneficial to stakeholders. Additionally, there are also discussions around a possible policy position on OTTs, which, if established could potentially impact on any premature position URCA may articulate. URCA is also progressing in reviewing the Universal Service Framework and is committed to finding mutually beneficial outcomes through a collaborative regulatory approach.

## 3.2 URCA General Priorities for 2023-2024

While the critical elements of the URCA 2017 Strategic Plan remain relevant, the experience of the COVID-19 Pandemic has created a need for an organisational review. In 2023, URCA's projects and initiatives will concentrate on achieving the following:

- The development of a revised Strategic Plan that builds on URCA's 2017 Strategic Plan, establishing new fit-for-purpose priorities based on a vision and mission that drives the organisation to achieve its annual objectives.
- A well-researched and developed assessment tool to determine the allocation of URCA's operational costs more accurately to the currently regulated sectors.
- The full implementation of URCA's Organizational Performance Index is designed to measure URCA's impact on the regulated sectors more effectively.
- The capacity-building priority focuses on developing and retaining expertise and creating a knowledge and performance-based culture that inspires stakeholder confidence in URCA's ability to effectively regulate the sectors.
- The expansion of URCA's collaborative regulatory approach initiated in 2021 to engage a broader cross-section of ECS and ES stakeholders, cross-sector regulators, and critical national and international agencies to explore different perspectives on critical and vital issues.

Table 3.2 contains the list of projects URCA's leadership team will embark on or progress in 2023 to address the general priorities mentioned above.



**Table 3.2: List of 2023 General URCA Projects**

Project	Proposed Start Period	Proposed End Period	Consultation Publication Date	Final Decision Publication
<b>General Projects</b>				
Implementation of URCA OPIs	T1, 2022	T3,2023	N/A	N/A
Allocation of Indirect Costs	T1, 2023	T3, 2023	N/A	N/A
Redevelopment of URCA's website	T1, 2023	T3, 2023	N/A	N/A

Note: T1 means Trimester 1(JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

### **3.2.1 BTC Comments**

#### *Organisational Performance Index*

BTC supports URCA's initiative to implement an Organizational Performance Index but suggests including an objective assessment element in the tool to move the industry forward.

#### *Development and Implementation of an Assessment Tool*

BTC has found that URCA's description of the assessment tool needs more detail, making it difficult to provide input on how it should work or what metrics and indices should be considered. URCA's lack of transparency regarding this priority for 2023 is disappointing.

### **3.2.2 CBL/ ALIV Comments**

URCA's list of three 2023 General Projects is agreeable.

### **3.2.3 URCA Response**

URCA appreciates the feedback provided by BTC and CBL/ALIV. URCA is currently in the process of implementing an Organizational Performance Index and will take BTC's suggestion to include an objective assessment element into consideration. Transparency is a priority for URCA, and URCA will work to provide more clarity on the development and implementation of the assessment tool. Additionally, URCA agrees that consumer protection should be a priority and is committed to taking robust action in this area.

## **3.3 Government and International Relations Priorities for 2023-2024**

In 2022, URCA revised its approach to international and government relations, which included the formation of the International & Government Relations Unit (IGRU) to focus on the related strategic imperatives. URCA worked in tandem with the Government through the Commonwealth of The Bahamas Ambassador to the International Telecommunications Union (ITU) Leon Williams to deepen its relationship with the ITU.

In 2023, URCA will work with The Bahamas Ambassador to the ITU to advance the ICT policy objectives of the Government of The Bahamas at the ITU Council, Organization of American States, Inter-American Telecommunications Commission (CITEL), and Caribbean Telecommunications Union (CTU). A more focused and strategic international engagement programme in 2023 will create alliances with other small island developing states (SIDS) to influence initiatives and changes at global and regional bodies that ensure universal growth and development.

The Bahamas' retention of a seat on the ITU Council allows us to represent the Caribbean Region and our collaborative approach ensures the interests of Caribbean states and other SIDS are advanced.

### **3.3.1 BTC Comments**

BTC acknowledges URCA's desire to create the International Growth and Resilience Unit (IGRU) to foster greater international engagement but is concerned about its necessity. Nevertheless, BTC agrees with URCA's ambition to form alliances with other small island developing states and influence initiatives to

benefit growth and development. Despite this, BTC suggests that URCA should demonstrate more tangible short-term benefits to stakeholders through press releases, workshops and training. Additionally, BTC encourages URCA to advocate for forums closer to home so stakeholders can participate more effectively.

### **3.3.2 CBL/ ALIV Comments**

The Government and International Relations priorities include forming a unit to focus on "regulated strategic imperatives" and annual reports to the sector and working with the Bahamian Ambassador to advance ICT policy objectives through international organisations. However, caution is raised that travelling to conferences and meetings will be ineffective without establishing a vehicle within the country to do the necessary "grunt" work and to create the structures needed to achieve the results. The plan also includes educational sessions and updates for relevant Ministry officials.

### **3.3.3 URCA Response**

URCA agrees with the comments made by BTC and CBL/ALIV and appreciates their support in developing an International & Government Relations Unit. URCA recognises that tangible short-term benefits, such as press releases, workshops and training, and more local forum initiatives, are essential for stakeholders to participate effectively. URCA is also committed to leading, in collaboration with its key stakeholders, the creation of a multi-stakeholder approach to The Bahamas' participation in the international initiatives to ensure greater national benefit is derived from the investment. URCA also advises that the IGRU functions will return to the regulated sectors to ensure greater impact on sector specific initiatives. URCA will also strive to create the necessary structures to achieve the desired results and provide educational sessions and updates for relevant Ministry officials.

## **3.4 Corporate and Consumer Relations Priorities for 2023-2024**

The public can expect more activities to help all sectors of society better understand the relationship between regulation and access to regulated services. URCA will reintroduce Regulation 101 workshops and forums for members of the media, civil society and senior technical officers. URCA expects that through the efforts of its Corporate and Consumer Relations Department in collaboration with sector regulators, there will be increased access to regional and international resources, such as capacity building and technical support for further infrastructure development within both sectors.

Also, URCA plans greater involvement with those local government agencies, industry and civil society stakeholders whose work impacts the output of both regulated sectors. This involvement will include regular sessions with ministry officials responsible for the regulated sectors to provide updates on local and international regulatory development and, where possible, to collaborate to develop the two regulated sectors further.

#### **3.4.1 BTC Comments**

BTC applauds URCA's plans to enhance access to resources and collaborate with regulators, describing it as a move towards an inclusive sector that will reduce duplication of work.

#### **3.4.2 CBL/ ALIV Comments**

No comments.

#### **3.4.3 URCA Response**

We thank BTC for supporting our plans to enhance resource access and collaborate with regulators. We are committed to creating a more inclusive sector that will benefit all stakeholders.

### **3.5 Electronic Communications Sector Priorities for 2023-2024**

In the electronic communications sector, digital transformation and integration became commonly used as national governments, public sector agencies, commercial businesses, and the entire society grappled with the adjustment challenges that would create and establish what has become the "new normal". The acceleration of digital transformation has changed the world, but integrating the world's population into this new technological age is a journey. Though advanced in the major population centres, for SIDS like The Bahamas, the journey remains a significant struggle that demands a unified, systematic, well-structured approach. The challenge is particularly true regarding accessibility and affordability in many of our Family Islands.

In 2023, to address those challenges, amongst other things, the regulatory team for the electronic communications sector will concentrate on the following:

- addressing the challenge of accessibility and affordability of telecommunications services in unserved and underserved Family Island communities;
- facilitating the ongoing digital transformation initiatives that a vital to national growth and development;
- developing a new ECS Sector Policy that reflects the Government's vision and objectives for the sector for the next three years;
- implementing a new digital approach to consumer protection and a focused, comprehensive public education and engagement campaign aimed at creating more enlightened subscribers; and
- creating a more structured approach to The Bahamas' involvement in the work of international telecommunications organisations.

Table 3.3 contains the list of projects URCA's ECS regulatory team will initiate or progress in 2023.

Table 3.3: The List of 2023 Electronic Communication Sector Projects and Anticipated Key Publication Dates

<b>Project</b>	<b>Proposed Start Period</b>	<b>Proposed End Period</b>	<b>Consultation Publication Date</b>	<b>Final Decision Publication Date</b>
<b>TIER I PROJECTS</b>				
Review of Licences Due to Expire	T3, 2023	T2,2024	N/A	N/A
Review of the Consumer Protection Regulations	T1, 2023	T3, 2023	T3, 2023	T3, 2023

Review of the Electronic Communications Sector Policy	T1, 2023	T2, 2023	T1, 2023	T3, 2023
Review of the Quality of Service Framework	T1, 2023	T3, 2023	T1, 2023	T1, 2024
Review of Universal Service Obligations Framework and Implementation	T3, 2023	T3, 2024	T3, 2024	T3, 2024
Review of Fixed Services, Including Pay TV	T3, 2019	T1, 2023	T1, 2024	T1, 2024
Spectrum Management Project	T1, 2018	T3, 2023	N/A	N/A
Public Service Broadcasting Framework	T1, 2023	T3, 2023	T3, 2023	T3, 2023
Public Consultation on 5G	T2, 2022	T2, 2023	T2, 2023	T2, 2023
<b>TIER II PROJECTS</b>				
ICTs for Persons with Disabilities	T2, 2018	T3,2024	T3, 2024	T3, 2024
National Spectrum Plan 2024-2027	T2, 2023	T2, 2024	T2, 2024	T2, 2024

Note: T1 means Trimester 1(JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

**3.5.1 BTC Comments**

*Review of Licenses due to expire in 2024*

BTC is aware of upcoming license expirations and URCA's plan to review the existing licenses to ensure they are suitable. BTC looks forward to open and collaborative discussions with URCA and licensees to review all licenses before a consultation is launched.

#### *Review of the Consumer Protection Regulations*

BTC hopes that URCA will provide feedback on the Consumer Protection Regulation reports and share an analysis of the previous reports to review the existing regulations. This way, BTC can contribute to an effective consultation process considering all relevant factors.

#### *Review of the Electronic Communications Sector Policy*

BTC has observed that URCA is creating a new Sector Policy for the next three years to replace the current policy, which will expire in March 2023. BTC has yet to be invited to provide input but is hopeful that it will soon be given a chance.

#### *Review of Quality of Service Framework*

BTC is willing to work with URCA to identify any issues with reporting regulations and believes that URCA, along with its ECS partners, can provide consumers with the best quality services. They suggest that URCA review the Quality of Service and Consumer Protection Regulation reporting and that previous reporting regimes should be examined.

#### *Review of Universal Service Obligations (USO)*

BTC agrees with URCA that there are challenges associated with the "new normal" for many and looks forward to being part of URCA's "unified, systematic and well-structured approach" to addressing these challenges. BTC is pleased that URCA intends to review the Universal Service Obligations Framework and Implementation, noting that major ECS operators have endured many challenges. BTC believes that the selection of a universal service should be relevant and used, useful for the consumer, and practical for the service provider, and suggests that a gap analysis be conducted in correlation with the results of the 2022 Mobile Market Review and the upcoming Fixed Service Review.

#### *Review of Retail Fixed Market Service*

URCA's review of the fixed services market in The Bahamas, which was last completed in 2014, is being prioritised for this year. BTC is looking forward to the outcome of this review, which is expected to result in the removal of the ex-ante retail price rules for fixed services, particularly fixed voice. URCA's review of the mobile sector in 2022 showed that mobile voice and data could be substitutes for fixed voice services. As communication methods have evolved, services like fixed voice have become almost obsolete. Therefore, relaxing this regulation could benefit customers by encouraging innovation and competition.

#### *Assessment of the Third Mobile Operator*

BTC has observed URCA's initial research on the possibility of a third mobile operator and honest advice to The Bahamas government. BTC looks forward to the results of URCA's recommendations, which should be made available to the public. BTC believes the public should have access to the reasoning behind any recommendations URCA submits to the Government.

#### *Spectrum Management Project*

BTC is supporting the URCA Spectrum Management Project initiative to improve the efficiency of telecommunication services in the archipelago. They hope that the initiative will result in a more cost-effective licensing and costing model that considers the unique population and geographical challenges the region faces.

#### *Public Consultation on 5G*

BTC is encouraging URCA to take the lead in educating and informing the public about the upcoming Public Consultation on 5G so that the consultation can be completed successfully.

### **3.5.2 CBL/ ALIV Comments**

URCA has listed eight Tier 1 projects, six of which are reviews and two consultations, reflecting a maturing market. The most critical review is the Review of Fixed Retail Services, which has been postponed since 2018 and is crucial due to the competition from grey markets and new competition since 2016. Additionally, the Review of Consumer Protection Regulations, abandoned for the ECS in 2021, has reappeared in the 2023 Plan. The Review of Universal Service Obligations Framework and Implementation is due to start in T1 2023, as well as the Review of Licences, due to expire in 2024. Tier 2 Projects consist of only two projects, focusing on the National Spectrum Plan for 2024-2027, which is essential for wireless



networks and the satellite to the mobile industry. URCA must successfully marshal these projects in 2023 with minimal delays.

### **3.5.3 URCA Response**

URCA appreciates the comments from BTC and CBL/ALIV and looks forward to open and collaborative discussions to review all licenses before a consultation is launched. URCA acknowledges the importance of the identified projects and is committed to working closely with BTC and CBL/ALIV to ensure the successful completion of each project. URCA is committed to an open and collaborative process with stakeholders to review all licenses and develop new regulations that are relevant and useful for the consumer. URCA also hopes to receive BTC's input on the Sector Policy, Quality of Service Framework, Universal Service Obligations, Retail Fixed Market Service, the Assessment of the Third Mobile Operator, and the Spectrum Management Project. URCA also agrees that the National Spectrum Plan for 2024-2027 is essential for wireless networks and the satellite to the mobile industry and is committed to marshalling these projects in 2023 with minimal delays. URCA encourages the public to participate in the upcoming Public Consultation on 5G and will ensure that the public is informed and educated on the topics.

## **3.6 Electricity Sector Priorities for 2023-2024**

Renewable energy has been an area of exploration in the electricity sector but has yet to achieve any appreciable level of success despite ongoing interest and efforts by the government, consumers and utility generation companies. Developing renewable energy plants in Family Island communities is an alternative to traditional fossil fuel plants. Increasing numbers of Bahamians across the archipelago are investing in renewable energy as a supplementary or primary electricity supply. URCA must promote the effective integration of renewable energy into the country's energy mix.

To address these challenges in 2023, the ES regulatory team will concentrate on the following:

- the challenge of accessibility and affordability of electricity services in unserved and underserved Family Island communities;
- the quality of electricity services through The Bahamas; and
- a more structured approach to The Bahamas' involvement in the work of the regional and international energy organisations.

Table 3.4 lists the projects URCA's regulatory team will progress in 2023. The list comprises uncompleted projects from the 2022 Annual Plan.

**Table 3.4: The List of 2023 Electricity Sector Projects and Anticipated Key Publication Dates**

<b>Project</b>	<b>Start Period</b>	<b>End Period</b>	<b>Consultation Publication Date</b>	<b>Final Decision Publication Date</b>
<b>TIER I PROJECTS</b>				
Licensees Annual Plant & Operations Inspections	T1, 2021	T2, 2023	T1, 2023	T1, 2023
Technical Standards for the Electricity Sector	T1, 2023	T3, 2023	T2, 2023	T2, 2023
Generation Licence	T1, 2023	T3, 2023	T2, 2023	T2, 2023
Account Separation Guidelines for ES	T2, 2023	T3, 2023	T2, 2023	T2, 2023
Battery Storage Integration	T1, 2022	T3, 2023	T3, 2022	T1, 2023
<b>TIER II PROJECTS</b>				
Efficiency Study Audit	T2, 2023	T1, 2024	T1, 2024	T1, 2024

Competition Guidelines and Rules for the ES	T3, 2023	T1, 2024	T1, 2024	T1, 2024
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Note: T1 means Trimester 1 (JAN-APRIL), T2 means Trimester 2 (MAY-AUG) and T3 means Trimester 3 (SEPT-DEC).

**3.6.1 BTC Comments**

BTC supports URCA's initiative to increase the use of renewable energy in The Bahamas, while also noting the need to focus on ensuring reliable power in the Family Islands.

**3.6.2 CBL/ ALIV Comments**

No comments.

**3.6.3 BPL Comments**

BPL stated that URCA regulates all Public Electricity Suppliers (PESs) in the country but has focused most of its efforts on BPL. BPL suggested that an efficiency audit should be conducted with a regional and in-country comparison of all PESs. The Licensee remarked that URCA should recognise that implementing accounts separation will require a significant effort and cost from PESs that should be passed onto their customers. BPL also informed URCA that BPL is awaiting the final revision of the NREL document to release its renewable energy program and has already implemented its second battery storage solution. BPL would also like URCA to consider consumer-scale storage solutions for utility control programs that would allow the utility to use the storage in EVs.

**3.6.3 URCA Response**

URCA appreciates the support from BTC and notes the importance of providing reliable power to the Family Islands. URCA is committed to exploring renewable energy solutions that are cost-effective, reliable, and resilient and will continue to work with BTC and other stakeholders to ensure that this is achieved.

In response to BPL's statement, URCA would like to express its appreciation for its engagement and feedback. URCA will consider these comments in making its decisions and or recommendations.

## 4. Key Performance Indicators for 2023

Section 41 of the URCA Act requires URCA to publish a series of key performance indicators (KPIs) against which it shall measure its performance during the forthcoming year in the Annual Plan. Tables 4.1-4.5 in this section identify the KPIs URCA will use to measure its performance in 2023.

**Table 4.1: URCA's 2023 Statutory/Regulatory KPIs**

Statutory/Regulatory
Was the Draft Annual Plan & Strategy published before the end of the financial year? YES/NO
Were the Annual Report and final Annual Plan published within four months of year-end? YES/NO
Were Final Determinations published within one month from closing for comments on Preliminary Determination? YES/NO
Percentage of public consultations started within the period stated in the Annual Plan.
Time to publish results, decisions, and other regulatory measures after the close of consultation: 45-60 days 60-90 days >90 days
Consumer Complaints
Number of complaints received
Percentage of total complaints resolved.
Complaints unresolved for >60 days and
Average time taken to resolve complaints

Licenses issued within:
30 days - individual licences
45 days - class licences
Volume of claims processed in the year

**Table 4.2: URCA’s 2023 Finance KPIs**

Finance
Cost of the Finance function as a percentage of total operating expenditure
Period-end cycle time (working days to close)
Year-end cycle time (working days to complete)
Forecasting accuracy
Cost of Licensee invoicing
Debtor Days
Number and Value of Creditor Notes and Adjustments
Long outstanding debt (>90 days) as a percentage of total debt

**Table 4.3: URCA's 2023 HR KPIs**

<b>HR</b>
Cost of the HR function as a percentage of expenditure
Cost of HR function per team member
The ratio of employees (full-time equivalent) to HR staff
Average days for the full-time team member invested in learning and development per year.
Cost of learning and development activity as a percentage of total payroll
Cost of advisors as a percentage of the total payroll
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

**Table 4.4: URCA's IT 2023 KPIs**

<b>IT</b>
Cost of IT functions as a percentage of total expenditure
Organisational ICT spending (investment in ICT infrastructure & hardware across the organisation)
Percentage who can access the network and system remotely

**Table 4.5: 2023 URCA OPIs**

<b>URCA OPI</b>
Strategic Development OPI
Governance of Regulations OPI
External Engage and Organization Efficiency OPI

As shown in Tables 4.1- 4.5, URCA will continue to evaluate its effectiveness the same as in previous years through (1) identification and adoption of appropriate KPIs based on statutory requirements and regulatory and management best practices, (2) measurement and monitoring of those KPIs; and (3) publication of the results in the Annual Report on its operations and performance. In addition to the series of key performance indicators URCA used to measure its performance in the past, in 2023, URCA will also measure its performance using the URCA Organizational Performance Indexes. URCA will tabulate the results and include them in URCA's 2023 Annual Report, which URCA will publish by the end of April 2024.

#### **4.1.1 BTC Comments**

BTC only agrees to or supports an initiative by URCA to measure itself with clear goals and standards.

BTC suggested that URCA include target goals, such as aligning with regional counterparts, international best practices, or ITU standards, to make constructive commentary possible.

#### **4.1.2 CBL/ ALIV Comments**

No comments.

#### **4.1.3 URCA Response**

We appreciate BTC's comments and understand their concern regarding our initiative's need for more goals or standards. We are committed to ensuring that our initiative aligns with regional counterparts, international best practices, and ITU standards, and we will incorporate these into our monitoring and evaluation process. We thank BTC for their input and look forward to continuing to work together to ensure the success of our initiative.



## 5. Budget for Fiscal Year 2023

This section sets out URCA's budget based on its target activities for the fiscal year 2023. It includes the level of remuneration to be received by the staff and non-executive and executive members of the Board in 2023.

### 5.1 Overview

URCA will ensure sufficient finances to meet its regulatory mandate and deliver the best possible service to its stakeholders. In so doing, URCA will also ensure that it fully accounts for its activities as required by Section 41(1)(b) of the URCA Act.

URCA's draft 2023 Budget is separated into discrete budgets for the ECS and the ES in accordance with section 39 of the URCA Act. These budgets have anticipated the level of expenditure necessary to provide regulatory supervision of both sectors. 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 5.1 below, as compared with budgeted expenditure for the two preceding years.

**Table 5.1 - URCA Draft Budget 2023**

Category	2021	2022	2023
Staff Costs	2,550,296	3,117,637	3,195,457
Non-Executive Compensation	184,000	184,000	408,000
Executive Compensation	444,685	473,773	486,100
Professional Services	882,000	640,000	967,900

Conferences, Training, and Travel	68,680	96,521	627,500
Premises Costs and Utilities	372,500	212,200	313,500
Consumer Education and Public Relations	273,000	276,000	173,000
Office Services	167,300	182,700	264,000
Information Technology	224,000	210,500	271,500
General and Administrative Expenses	754,301	857,000	962,100
<b>Total Operations Expenditure (OPEX)</b>	<b>5,920,762</b>	<b>6,250,331</b>	<b>7,684,057</b>
<b>Depreciation</b>	296,835	447,670	274,100
<b>Total Operating Budget Recovered through URCA fees</b>	<b>6,217,597</b>	<b>6,698,001</b>	<b>7,958,657</b>
<b>Capital Expenditure</b>	675,500	532,400	2,861,500

Overall, URCA proposes an increase to its operating budget (excluding depreciation) for 2023 by approximately 23% compared to 2022. Some of the key changes are explained below:

- In 2022, URCA's staff count increased by one person to thirty-six at the end of the year, notwithstanding budgeting for a headcount of 42; onboarding of new hires budgeted for in 2022 either concluded later in the year than anticipated or did not occur as planned. Additionally, the increased staff compensation budgeted for 2022 resulting from the Compensation Study has been deferred to 2023. In 2023, URCA again seeks to expand its staff complement, growing from 36 to 42 staff. As a result, URCA's Staff Costs are projected to increase modestly by 3%, reflecting continued efforts to staff the organisation, ensuring that the sectors are appropriately regulated.

- Budgeted spending on Professional Services in 2023 will increase by 51% year over year due to new regulatory projects (specifically in the Electricity Sector) and continuation to completion of 2022 projects. Regulatory projects, including various surveys, reviews, market assessments, and litigation expected before the Utilities Appeal Tribunal (UAT) and Court for adjudication, are expected to either commence or continue in 2023.
- Spending on Conferences, Training and Travel will increase significantly by 566% due to the reallocation of the majority of the 2022 budget to fund the regulatory campaigns; in 2023, there is the anticipated resumption of in-person travel for regulatory meetings, staff, renewed regulatory monitoring, staff training and up-skilling, and the hosting of two (2) regulatory fora.
- Premises costs and utilities increased by 48% year over year because of applying the previous year's residual budget to Budget 2022 line (\$130k) and, in Budget 2023, budgeting for an anticipated increase in utility rates and preventative maintenance.
- Consumer Education and Public Relations will increase by 11% due to ongoing or resumption of paused activities due to regulatory campaigns and increased consumer education initiatives.
- Office services increased by 45% due to anticipated finance costs of credit facility, employee engagement, and health and safety initiatives.
- Information Technology is budgeted to increase by 29% due to acquiring additional productivity software licences.
- URCA's Capital Expenditure budget is anticipated to increase year over year as major capital projects, specifically Frederick House Infrastructure Improvement and smaller scaled projects such as the replacement of an elevator and generator, are scheduled to commence during 2023.

## **5.2 Electronic Communications Sector Budget 2023**

Table 5.2 shows a summary of URCA's draft 2023 budget for its regulatory activities in the ECS compared to its budget for the preceding two years.

**Table 5.2 - ECS draft Budget 2023**

<b>Category</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Staff Costs	1,469,689	1,793,176	1,903,185
Non-Executive Compensation	110,400	110,400	249,600
Executive Compensation	201,049	226,788	262,500
Professional Services	503,250	601,200	567,920
Conferences, Training, and Travel	36,935	40,834	468,000
Premises Costs and Utilities	265,425	144,330	225,275
Consumer Education and Public Relations	144,000	78,000	86,500
Office Services	131,975	137,700	200,875
Information Technology	179,200	168,400	217,200
General and Administrative Expenses	317,487	465,984	457,860
<b>Total Operations Expenditure (OPEX)</b>	<b>3,359,410</b>	<b>3,766,812</b>	<b>4,638,915</b>
<b>Depreciation</b>	<b>243,809</b>	<b>380,520</b>	<b>232,985</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>3,603,219</b>	<b>4,147,332</b>	<b>4,871,900</b>
<b>Capital Expenditure</b>	<b>574,175</b>	<b>452,540</b>	<b>2,368,525</b>

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 2023 by 23% 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 by 6% due to the proposed addition of new hires made necessary by the volume of work expected in the ECS during 2023 and ensuring sustainable human resources are available through effective succession planning and continued efforts being made for cross-training professional staff in both sectors.
- Professional services expenditure is anticipated to decrease by 5% over the previous year's budget allocation because of carryover regulatory projects continuing into 2023, including scheduled market assessments, surveys, reviews, and litigation related to the ECS.
- Conferences, training and travel have significantly increased due to the resumption of in-person conference attendance, the hosting of high-level and cross-sector regulatory forums and staff participating in training opportunities.
- General and administrative expenses, which include regulatory membership and related activities, are budgeted to decrease due to the expenditure made in 2022 to fund the ITU campaigns, including the successful retention of the ITU Council seat.

### **5.3 Electricity Sector Budget 2023**

Table 5.3 summarises URCA's draft 2023 budget for its regulatory activities in the ES compared with its budget for the preceding two years.

**Table 5.3 - ES draft Budget 2023**

<b>Category</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Staff Costs	1,080,608	1,324,461	1,277,473
Non-Executive Compensation	73,600	73,600	163,200
Executive Compensation	243,635	246,985	233,600
Professional Services	378,750	38,800	399,980
Conferences, Training, and Travel	31,744	55,687	174,500
Premises Costs and Utilities	107,075	67,870	88,225
Consumer Education and Public Relations	129,000	138,000	86,500
Office Services	35,325	45,000	63,125
Information Technology	44,800	42,100	54,300
General and Administrative Expenses	436,816	451,015	504,240
<b>Total Operations Expenditure (OPEX)</b>	<b>2,561,353</b>	<b>2,483,518</b>	<b>3,045,143</b>
<b>Depreciation</b>	<b>53,025</b>	<b>67,151</b>	<b>41,115</b>
<b>Total Operating Budget Recovered through URCA fees</b>	<b>2,614,378</b>	<b>2,550,669</b>	<b>3,086,258</b>
<b>Capital Expenditure</b>	<b>101,325</b>	<b>79,860</b>	<b>462,975</b>

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

- Total operating expenditure (OPEX), exclusive of depreciation, is anticipated to increase in 2023 by 27% compared to the prior year, notwithstanding continued efforts to contain costs whilst ensuring the regulatory mandate of the Utilities and Energy sector is adequately addressed.
- Staff Costs are anticipated to decrease by 4% as the human resource element in the Utilities and Energy Department due to the rebalancing of indirect staff costs.
- Professional services expenditures are anticipated to increase significantly by 931% due to two (2) major regulatory projects planned 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.

### **5.3.1 BTC Comments**

BTC has identified several areas of the URCA budget which require further clarification. They have noted that the staff count is set to increase by six people in 2023, leading to an exponential increase in non-executive compensation. They have also noted the significant increase in conferences, training and travel expenditures, compared to pre-pandemic levels. They have urged URCA to adopt a mix of in-person and virtual training. Lastly, they have suggested that a prioritisation and phased approach be considered for the planned capital expenditure projects.

### **5.3.2 CBL/ ALIV Comments**

URCA is mandated to publish their annual draft budget for each fiscal year. This attracts particular interest from their licensees as it forms the basis for URCA's licence fees and other calculations. This year the Group is astounded by the significant increase in the Budget amount for 2023 without detailed explanations or justification. The telco industry faces challenging times with increasing financial pressures and declining profits, and URCA's Budget does not consider this. Licensees are urged to challenge the excessive Budget increases, such as the Non-Executive Compensation item, which has increased by over 100%, and the Premises and Utilities costs item, which has increased by 48%. Capital Expenditure is also deemed excessive, given that it is significantly higher than in prior years. URCA is also encouraged to reduce their Budget for 2023 to a maximum of 10% increase year over year. Furthermore, URCA is urged to sell the Frederick House building and spread the Capital Expenditure over three years. The Group also

suggest that URCA should consider the introduction of a Universal Service Fund, as done in Trinidad and Tobago, to offset the financial pressures on licensees.

### **5.3.3 URCA Response**

URCA appreciates the comments from BTC and CBL/ALIV. We will continue considering their statements when reviewing our budget for the upcoming fiscal year. URCA advises the Respondents that increases in budget 2023 were the result of the following factors:

- Non-executive Compensation – the cause of the increase is due to legal claims currently before the courts.
- Professional services – increased due to regulatory projects in both sectors and an operations project that requires consultant expertise that is not available in-house, continued litigation that involves licensees and increased auditing/financial services anticipated to be provided during the year.
- Conferences – there is provision for hosting/facilitating two (2) fora involving key Government Stakeholders Group and Cross-Sector Regulator forum during the year.
- Training – during the previous years, training was done primarily by virtual methods, which were used whenever possible. However, there has been a decrease in the instances in which virtual options are available. In instances where the training can be accommodated virtually – this method will continue to be utilised. However, where in-person attendance is the sole delivery method, staff will not be denied opportunities for training.
- Travel – there has been a resumption of staff attending regulatory meetings, which have mostly reverted to an in-person mode of operation.
- Premises cost and utilities – the cost of property ownership (taxes and insurance) has been based on previous years' assessment. Utility costs are expected to increase based on tariff increases and increased consumption as staff migrate back to traditional office presence. Maintenance of Frederick House is an unavoidable cost as the building requires preventative and constructive maintenance to ensure that the investment in the building is preserved and the property does not fall into a state of disrepair.
- Office services – the cost of operating the office in the resumption of a traditional working environment would be the primary driver in the increase of this line item.
- Information technology – new software acquisition (installation and licence) to ensure risk compliance is the primary cause of the increase.



- General & Administrative – international regulatory membership and staff professional membership costs have increased in addition to the continued increase in bad debt due to licensees' history of non-payment of fees.
- Capital Expenditure – the major expenditure in this category is an Infrastructure Improvement Project that increases the usability of the entire Frederick House, which would allow for future growth of the Authority and present the option of providing rental space that would offset the cost of operations. Additionally, for safety reasons, the elevator and generator are due for replacement, and the electrical switchboard is past its useful life and needs to be replaced.

Notwithstanding the above, URCA remains committed to ensuring that the budget is fair and transparent and that all our licensees are treated equitably. We will investigate all the suggestions and provide a detailed explanation for any increases in our budget. We also acknowledge the statement regarding the introduction of a Universal Service Fund and will analyse it further. Thank you for your input.

## 6. Project Description and Progress Update

### 6.1 Description and Progress Update on 2023 General Projects

In its 2022 Annual Plan, URCA committed to working on three General Projects. Those projects were:

1. Implementation of URCA Organisational Performance Indexes (OPIs),
2. Market and Consumer Protection Surveys, and
3. URCA 2023 Annual Plan.

In 2023, URCA will add two new projects to the list of general projects. The new projects are (1) The Allocation of Indirect Cost and (2) The URCA Digital Transformation Project. Considering the dense work plan for 2023 and limited resources, URCA has decided to forego the Market and Consumer Protection Survey in 2023. Below, URCA describes the 2023 general projects.

#### **Allocation of Indirect Cost to the ECS and ES**

The Allocation of indirect Cost projects involves the development of a well-researched assessment tool that will allow URCA to ensure the allocation of URCA's operational costs more accurately to the currently regulated sectors. URCA intends to review its current allocation process of costs commonly incurred across the organisation to each regulated sector (Electricity and ECS) within its annual accounts.

#### **Digital Transformation Project**

The Digital Transformation Project will involve the development of a digital transformation plan for URCA. The plan will consist of a phased methodology to implement URCA's new digital approach to consumer protection and a focused, comprehensive public education and engagement campaign to create more enlightened subscribers. In 2023, URCA will launch Phase 1, which will involve revamping the URCA website to increase functionality, ease website navigation and ensure high-quality content that addresses the needs of all stakeholders.

#### **URCA Organisational Performance Indexes – Phase 1**

In 2020, URCA committed to initiating the phased implementation of the URCA OPI. 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 Electronic Communications (ECS 05/2021 and ECS 06/2021). URCA initiated a phased implementation in 2021 and committed to full implementation in 2023. In 2022, URCA made significant progress in implementing the URCA OPI by building and testing the tool URCA will use to track and measure URCA OPI in 2023. In this Annual Plan, for the first time, URCA has included the URCA OPI with the series of key performance indicators against which it shall measure its performance.

### **URCA 2023 Annual Plan**

Section 41 of the URCA Act instructs URCA to publish an annual plan. The publication of the Draft Annual Plan marks the fulfilment of the Requirement. As previously noted, URCA intends to publish the final version of its Annual Plan and the Annual Report for 2022 by the end of April 2023.

## **6.2 Description and Progress Update on 2023 Electronic Communications**

### **Sector Projects**

In the 2022 Annual Plan, URCA committed to undertaking 10 ECS-related projects.

1. Public Consultation on 5G
2. Market Assessment – feasibility of the 3rd Mobile Operator
3. Review of the Public Service Broadcasting Framework
4. Review of Spectrum Management
5. Review of the Universal Service Framework
6. Review of Retail Fixed Services, including Pay Television
7. Review of URCA's Position on OTT Services
8. ECS Comprehensive Market Surveys
9. ICTs for Persons with Disabilities

## 10. Review of Code of Practice for Content Regulation

After the publication of the 2022 Annual Plan, URCA added several new projects to the 2022 workplan in response to microeconomic changes. These projects included, amongst others:

1. Draft Order Discounting Comms Fees
2. National Alert Warning System

### **Review of Licences Due to Expire in 2024**

The Individual Operating Licences (IOL), Individual Spectrum Licence, and Class Operating License Requiring Registration expire in 2024. With the number of licences due to expire, this requires a review to ensure that the existing licences are still fit for purpose. The objective is to review the current licences' compendium to ensure they are still fit for purpose. The project will commence in T1, 2023. URCA anticipates completion in T3, 2023.

### **Review of the Consumer Protection Regulations**

URCA proposes to review the existing Consumer Protection Regulations published in 2013. Considering the time elapsed since its publication, the project's objective is to update the existing regulations needed to ensure they remain fit for purpose. The project is a Tier 1 project that will commence in T1, 2023. URCA anticipates that Consultation will take place in T3, 2023.

### **Review of the Electronic Communications Sector (ECS) Policy**

The existing Electronic Communications Sector Policy (ECSP) will expire in March 2023. The Comms Act requires the Minister to publish a sector policy in the Gazette setting out the strategic aims of the Government for meeting the electronic communications policy objectives, including, but not limited to — (a) the priorities for liberalisation and sector regulation; (b) how the Government sees its role in the electronic communications sector; (c) plans for the efficient use and management of state assets; and (d) aspects of social policy, including the scope of universal service and public service broadcasting. The Comms Act requires URCA to formulate and present the revised draft sector policy to the Minister.

### **Review of the Network Quality of Service and Consumer Protection Regulations**

URCA recognises that there is a need to review the quality of service parameters in the Network Quality of Service Regulations and the Consumer Protection Regulations to encourage compliance and ensure the advancement of the sector policy objectives. The project will aim to identify challenges with reporting requirements and promote reporting to ensure data will be available to inform URCA's investigations/enforcement actions into breaches of the quality of service regulations.

### **Review of Universal Service Obligations (USO)**

Consultation on Universal Service Obligations (USO) and Implementation, a project listed in the Annual Plan with a start date of T1-2020, is expected to start in 2023. The objective is a review of the existing USO Framework to ascertain if the provisions by way of services are still relevant. The project will include a survey to help to inform URCA regarding the current usage of communications services and help URCA determine the appropriate services to consider in its review of the Universal Service Obligations (USO) framework.

### **Review of Retail Fixed Market Services**

Since the last retail fixed market review was completed in 2014, there is a need to review the retail fixed markets, which include retail fixed voice, broadband and pay television services. The review will assess the state of competition in those markets and whether existing regulations are fit-for-purpose. The project commenced in the third trimester of 2022 and is expected to be completed in 2023.

### **Assessment of the Third Mobile Operator**

URCA is required by law to advise the Government of The Bahamas on the feasibility of a third mobile operator in the mobile telephone market. URCA has completed the assessment phase of the project and provided recommendations to the Government of The Bahamas by the end of 2022. URCA will leave this project open until it has completed the recommendation phase of the project.

## **Spectrum Management Project**

Spectrum management is a comprehensive project involving refurbishing three fixed monitoring sites in New Providence and the Main control console at the URCA office on Frederick Street. The project also includes a review of the spectrum management framework, including spectrum planning, spectrum authorisation, licensing, monitoring, and enforcement. The project is more than 60% completed.

## **Public Service Broadcasting Framework**

The development of the Public Service Broadcasting (PSB) Framework started in 2019. The purpose is to ascertain whether the existing PSB Framework is still fit for purpose. The review will require input from the Government of The Bahamas as to their vision. The objective is to determine whether the existing PSB Framework is fit for purpose. Any changes to the current PSB Framework will require input from the Government of The Bahamas. The output is the production of a document that is fit for purpose, reflects the Government of The Bahamas' vision for PSB in The Bahamas, and considers the stakeholders' views.

## **Public Consultation on 5G**

This project has commenced with the surveys of the industry groups/sectors, including tourism, financial education, healthcare, and other sectors, to ascertain the use cases and demand for 5G service and develop a Public Consultation Document on 5G. This Consultation aims to (1) assess the use cases/demand for 5G services, (2) identify any potential bottleneck/impediments (including commercial constraints and economies of scale and scope) in the provision of 5G services by way of responses from stakeholders and interested parties, (3) gain an understanding of the demand for use cases of 5G services and (4) identify of any supply constraints supported by empirical analysis.

### **6.1.1 BTC Comments**

No comments.

### **6.1.2 CBL/ ALIV Comments**

In 2023, the Universal Regulatory Commission of the Bahamas (URCA) has committed to undertake various projects, including the implementation of URCA's Operational Performance Indicators (OPIs), Market and Consumer Project Surveys, publication of the Annual Plan, selection of an indirect costs

allocation system for the ECS and ES budgets, Digital Transition Project, revamping of URCA's website, and a Public Education and Engagement Campaign. Additionally, URCA plans to assess the feasibility of a third mobile operator, review URCA's position on OTT services, reduce communications fees, and create a National Alert Warning System. The Group has submitted responses to the 5G Public Consultation and is awaiting URCA's review of licenses due to expire in 2024 and the presentation of the revised draft Sector Policy (2023-2026). Lastly, the Group urges URCA to prioritise the review of the Fixed Retail Market for Paid TV, which is due by T2 2023.

### **6.1.3 URCA Response**

We thank BTC and CBL/ALIV for their comments and feedback. We value their input and are committed to working with stakeholders to ensure the projects mentioned are completed per our Annual Plan. We will continue to review our position on OTT services, assess the feasibility of a third mobile operator, and reduce communications fees. Additionally, we will prioritise the review of the Fixed Retail Market for Paid TV and present the revised draft Sector Policy (2023-2026) shortly. We look forward to continuing our dialogue with the BTC and CBL/ALIV as we strive towards creating a competitive and attractive communications market for The Bahamas.

## **6.3 Description and Progress Update on 2023 Electricity Sector Projects**

In the 2022 Annual Plan, URCA committed to undertaking eight ES-related projects, including:

1. Electricity Market Study to Inform National Energy Policy
2. Efficiency Study Audit
3. Technical Standards for the Electricity Sector
4. Licensees' annual Plant & Operations Inspections
5. Generation Licence
6. Competition Guidelines for the ES
7. Battery Storage Integration

## 8. Guidelines for regulatory Accounting

The regulatory team in the electricity sector has made significant progress on the projects in the 2022 Work Plan. Notwithstanding its efforts, the team will need to carry over some of the 2022 projects to 2023. A description and the status of each project follow.

### **Licensee Annual Plant and Operations Inspections**

Both the Electricity Act 2015 and the public electricity supplier license conditions require and facilitate inspections of the licensees. This project involves developing the regulatory framework to conduct checks, confirm the assets in the rate base, and comply with regulations and operational practices. It is a Tier I project. The project is 50% completed, and the team expects to issue the Consultation Document in January 2023.

### **Electricity Market Study to Inform National Energy Policy**

The Government of The Bahamas published the National Energy Policy in 2013. Section 5(2) of the Electricity Act 2015 requires the Minister to formulate and publish a revision every five years. URCA is available to support the Government in developing the Policy by providing its recommendations to the Government on modifications to the Policy. While internal discussions have taken place on the project, URCA is seeking guidance from the Government on the desired scope of URCA's input/involvement. URCA has contacted the Government and is awaiting a response.

### **Efficiency Audit**

The Efficiency Audit assesses the financial, operational, and quality of service performance of Bahamas Power and Light (BPL) compared to other relevant utilities in the region and internationally. URCA's involvement will aid in identifying areas of improvement and establish a baseline to track BPL's future performance. Currently, the project is in the inception stage.

### **Technical Standards for the Electricity Sector**

Recognising that the Electricity Act 2015 does not include crucial technical supply standards, URCA will embark on a project establishing technical standards for the Electricity Sector. URCA is addressing the project in three parts: (1) major outage definition, (2) power quality standards, and (3) reliability standards. URCA published the consultation document (ES 03-2022) addressing the major outage on 31



October 2022. The deadline for responses to the Public Consultation was 30 November 2022, and URCA expects to publish the standards before August 2023.

### **Generation License**

This project aims to continue the development of the suite of licenses available in the electricity sector. The objective is to ensure appropriate regulation of those entities operating electricity generation systems of more than 1 MW for self-supply only. Examples would be Atlantis and Baha Mar. Work on this project commenced in October 2022, and URCA will issue the consultation document early in 2023.

### **Account Separation Guidelines for Public Electricity Suppliers**

Public Electricity Suppliers (PES) and Authorized Public Electricity Suppliers (APES) must establish and maintain separate accounts for generation, transmission, and supply services for tariff setting. This project aims to establish the regulatory framework for licensee accounts separation, which will facilitate comparisons of performance among utilities. The draft consultation document is complete and undergoing internal review. URCA expects to publish the Consultation Document early in 2023.

### **Competition Guidelines and Rules for the Energy Sector**

The Competition Guidelines and Rules for the ES will establish the regulatory framework with two main components: (1) to assess and enforce against anti-competitive agreements and practices, per Part XI of the Electricity Act 2015, and (2) to assess and accommodate a change in control of a licensee, per Part XII of the Electricity Act 2015. Due to the specialised legal knowledge required in developing the competition guidelines for the electricity sector, URCA is seeking the assistance of subject matter experts, as was done for the communications sector. The project is expected to commence in the first half of 2023.

### **Renewable Energy Utility Scale Development**

URCA has established The Small-Scale Renewable Generation (SSRG) and Renewable Energy Self Generation (RESG) frameworks in compliance with Sections 27 and 28 of the Electricity Act 2015. These frameworks facilitate renewable energy generation by residential, commercial, and government entities. This project aims to establish the regulatory framework for utility-scale renewable generation, per Section 26 of the Electricity Act 2015. URCA commenced work on this project in 2022. However, the focus has been developing technical specifications for medium-scale renewable energy projects – a follow-through

on the RESG framework. BPL and URCA are taking advantage of the opportunity to work with the National Renewable Energy Laboratory (NREL), a US-based body, through a grant arranged by the US Embassy in Nassau. There is a mutual desire – URCA and NREL – to continue working together on the development of the utility-scale framework. NREL submitted its draft of the proposed 500-1000kW Large Scale Renewable Generation (LSRG) Interconnection Requirements to URCA and BPL on 30 September 2022 for comments. Both URCA and BPL returned their comments. URCA intends to draft a public consultation document once it receives the revised document from NREL.

### **Battery Storage Integration**

Battery Energy Storage Systems (BESS) offer several technical benefits to electricity generation, transmission and distribution systems. This project will review the technology and applications and determine the sector's interest in such projects. URCA will publish a Public Consultation Document early in 2023 to solicit feedback on matters related to the integration of battery storage in The Bahamas.

## **7. Conclusions and Next Steps**

### **7.1 BTC Concluding Statement**

BTC concluded by stating that it anticipates that URCA's work in 2023 will lead to implementing of effective electronic communication policies due to their engagement with their licensees. BTC reserved the right to comment further on all issues. BTC stated categorically that the decision not to respond to any issue raised on this Draft Annual Plan does not necessarily indicate agreement in whole or in part with URCA's position, nor does any position taken by BTC in its response mean a waiver of any of BTC's rights in any way.

### **7.2 CBL/ ALIV Concluding Statement**

CBL concluded by stating that URCA has undertaken an ambitious workload for 2023 and noted the staff shortage that has hindered its work performance in 2021 and 2022. Although URCA cannot pause to catch up, it should consider its ability to complete projects promptly. The Group suggests that URCA should consider Licensee obligations and give them a manageable workload. Additionally, they propose that URCA schedule the Stakeholders Forum on the draft Plan at least

three weeks before the response due date to incorporate any queries or clarifications into the response. Ultimately, the Group wants to see all projects completed within the year they appear in the Plan and is willing to collaborate with URCA to achieve these objectives. Like BTC, CBL and Aliv expressly reserved all rights, including the right to comment further on any matters herein and categorically stated that CBL's and Aliv's decision not to respond to any issue raised herein in whole or in part or any position taken by CBL and Aliv herein does not constitute a waiver of CBL's and Aliv's rights in any way.

### **7.3 Conclusion of the Public Consultation and Next Steps**

The publication of this Statement of Results document formally concludes the public consultation process on URCA's Draft Annual Plan and Budget for 2023. URCA again thanks those who provided feedback on the Draft Annual Plan. URCA will make corresponding changes where appropriate to the final Annual Plan based on the comments received. The 2022 Annual Report and 2023 Annual Plan will be published on URCA's website on or before 30 April 2022 and published as a printed booklet in May 2022. Following section 41(7) of the URCA Act, a public oral hearing will be scheduled during May 2023 to present and discuss URCA's 2022 Annual Report and 2023 Annual Plan. URCA will publish further details for the public oral hearing on its website and in the local media.