



URCA PRESS RELEASE ON BPL FUEL CHARGE

13 September 2023

Over the course of the past few months, the Utilities Regulation and Competition Authority (URCA) has received an increasing number of complaints from customers of Bahamas Power and Light (BPL) about high electricity bills.

Part of URCA's remit as the regulator for the electricity sector in The Bahamas is to ensure consumer protection and support appropriate billing.

URCA considers electricity a basic necessity that should be affordable and remains concerned about the impact of high electricity bills on BPL's customers and the economy.

Considering the widespread complaints, and in accordance with its commitment to protect consumers, URCA has been monitoring the situation.

In recent discussions, BPL confirmed that fuel charges have reached their peak and customers can expect lower rates moving forward. The company has confirmed the fuel charge will decline this month for many consumers and will be reflected in those consumers' electricity bills next month.

In October 2022, BPL announced an initiative to increase its fuel charge to reflect the rising cost of fuel and to clear some of the outstanding debt it owed on prior fuel purchases.

It stated this would be done gradually through the use of a glide path strategy.

In reviewing consumer complaints, URCA has found that consumers have unfortunately experienced the compound billing effects of increased demand during the summer months and the increase in the fuel charge via the glide path strategy.

Typically, some people's consumption of electricity doubles in the summer months due to air conditioning and children being home from school. The doubling of consumption multiplied by the fuel charge, which is almost three times what it was last summer, means many consumers' bills are significantly higher.

BPL's glide path strategy was designed to slowly increase the fuel charge to a peak this summer and then decrease the fuel charge continuously through the end of February 2024.

By March 2024, BPL is expected to have paid off its outstanding fuel debt.

This means that as of March 2024, bills are expected to only reflect the actual cost of fuel used in supplying consumers.

At that point, provided the market price of fuel remains the same, or decreases, the charge for fuel will naturally decrease.

Hence, consumers will receive a lower bill for the same amount of consumption.