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CHECK AGAINST DELIVERY

(Greetings and Salutations)

Ladies and Gentlemen

Good Morning

Let me begin by thanking you for having me this morning. I am grateful for the opportunity to participate in a discussion that is so timely and vitally important to the future development of our country. In the days and times in which we now live, electricity is a necessity. To some of our parents, grandparents and especially our great-grandparents, electricity was a luxury and in some cases unheard of. It was the norm to use candles and lanterns to light homes. It was the norm to use stove tops to heat irons to press clothes. In those days when you were hot at night you could sleep outdoors or beneath an opened window. For most of us, those days are long gone but with electricity costs of more than 40 cents per kWh today, for many us, electricity remains an unaffordable luxury. Some Bahamians cannot afford to keep the electricity on in their homes. Some Bahamian students prepare homework by candlelight or use

the computers in constituency offices like mine in Southern Shores, because their parents cannot afford to pay the electricity bill and keep the lights on. Electricity must be affordable for our citizenry. We must release our nation from the shackles of high electricity costs.

As we all are aware the electricity in most parts of The Bahamas is generated and distributed by the Bahamas Electricity Corporation (BEC). This electricity is generated by gas turbines which are costly to acquire and maintain and have also contributed to the environmental degradation of our beautiful islands because of the fossil fuel used to operate the equipment.

It is no secret that development, especially within the private sector, has outpaced the technological advancement of BEC. It is no secret that the energy provided by BEC can at times be very unreliable. It is no secret that the cost of electricity has become out of reach financially for not only the average Bahamian citizen but also to those doing business in The Bahamas. It is also no secret that The Bahamas has much work to do in reforming our energy sector.

The time has long past for sweeping change within the energy sector of this country. However, it is never too late to do the right thing. This administration, having committed to reducing the cost of electricity in our Charter for Governance, has set out on the journey to totally reform the energy sector of The Bahamas. This journey will not be a short one but it is one that must be continued across administrations until this country reaches its desired destination. This is another reason why fora such as this are so important. Those of you in this room who are privy to such discussions must help by telling others about the need for reform and change, firstly

within ourselves in terms of energy efficiency and conservation and secondly by advocating for the use of renewable energy technologies in our energy matrix. Securing our energy future can only be achieved with a concerted effort from the public and private sectors along with the citizens of this nation.

I can assure you that this administration is doing its part to further the cause of change. Change which will positively impact not only the cost of electricity but its reliability, efficiency and environmental sensitivity. This change will also provide the opportunity for gainful employment for Bahamians and new entrepreneurs as more Energy Service companies are being launched to participate in the Energy conservation and Renewable Energy industries. To date, since embarking on this journey, the Government of The Bahamas has made great strides toward our goal.

Since assuming office in May of 2012, this administration, through legislation and policy has sought to bring about the reformation and advancement needed to the energy sector. We began with acknowledging, to the Bahamian people, that we know and understand that the cost of electricity had become financially debilitating to them....to us. We acknowledged that we understood the same to be true for local businesses and other investors in the country. We also acknowledged that action had to be taken and that we would be the ones to take the necessary action to put The Bahamas on the path to total energy sector reform.

Thus far, the Government has sought to reduce operational costs at BEC by improving on operational efficiencies and reducing waste wherever possible. The government also established a National Energy Task Force which was charged

with advising on solutions to reducing the high cost of electricity. We eliminated the excise tax on fuel used by BEC in the 2013-2014 budget. We eliminated tariffs on inverters for solar panels and LED appliances to ensure that more of our citizens would be able to afford these energy saving devices. And a loan was approved by parliament in the amount of Two Hundred and Fifty Million Dollars to rehabilitate and improve BEC's financial position.

With the assistance of the Inter-American Development Bank (IDB) and the Global Environment Facility (GEF), the Ministry of the Environment and Housing was able to advance two pilot projects devised to collect data on renewable energy technologies. The first project provided for the installation of solar water heaters and the second project for the installation of photovoltaic systems in Bahamian homes. The data received thus far confirms that these devices would benefit Bahamians in lowering their electricity consumption thus saving them money. We are now incorporating PV solar systems in some of the homes we are constructing in the Department of Housing. Yet more must be done! We must now find innovative ways in conjunction with local banks and lending institutions who provide mortgages for homes to ensure that more houses are outfitted with such solar and wind powered devices that can save Bahamians money and help to save our planet by lessening our carbon footprint. I am pleased to note some Bahamian banks are already offering financial packages for renewable energy installations. I seek the Chambers' assistance in lobbying more Banks to get involved. We have to make sure that the least among us are able to find financing options to be able to benefit from renewable energy technologies. The innovation must come from the private sector.

In August of 2013, Prime Minister Christie released a statement announcing the Government's intentions to reform the energy sector with the following objectives:

- To provide energy supplies to consumers that will meet long term growth demands for energy
- To increase international competitiveness in production in order to promote economic development and job creation
- To utilize economically viable renewable energy sources to promote environmental sustainability
- To provide long term energy security to producers and consumers
- To increase Bahamians awareness of energy its use and conservation methods in their daily lives
- To increase energy efficiency
- To provide modern and expanded energy infrastructure
- To create a regulatory framework that promotes transparency, investment, competition, efficiency, and public-private partnerships
- To foster sufficient flexibility that adopts and adapts to new energy technologies
- To establish an institutional framework with high levels of technical capacity to support and facilitate the implementation of policy by all stakeholders; and
- To provide investment and business opportunities with spin off benefits to other sectors.

Much has been accomplished since the release of this statement. The Government has released a Request for Proposal to advance the reformation of BEC. This process is coming to an end and I am certain the Deputy Prime Minister whom has responsibility for BEC, will talk about this process in detail when he is with you this afternoon. However, as a member of the Ministerial committee in relation to that

process, I want you to know that I am excited about the future of BEC and the energy sector.

The Government has entered a Memorandum of Understanding (MOU) with the Carbon War Room (CWR). For those who do not know, the Carbon War Room is a non-profit organization, founded by a stellar group of Corporate Leaders, the most notable of which is, Sir Richard Branson. The CWR is based in Washington D.C. Its mission is to “accelerate the adoption of business solutions that reduce carbon emissions at gigaton scale and advance the low carbon economy.

Amongst other things, the MOU executed between the Government and the CWR solidifies The Bahamas intention to join the CWR's Ten Island Challenge. This initiative was formed to assist island nations with the transition from “heavy dependence on fossil fuels to the use of renewable energy resources.” The MOU also outlines the CWR's commitment to assist the Bahamas with the following projects:

- the CWR will facilitate an energy efficiency audit and a Solar PV installation viability assessment at the Anatol Rodgers School.
- the Government in partnership with the CWR will work together to develop solar farm programmes of up to 20MW across a number of islands. The islands which have been identified for this programme are: Eleuthera, Andros, Cat Island, Acklins, Bimini, Inagua, Crooked Island, Exuma, and Long Island. This programme will be initiated by a technical analysis and pre- feasibility assessment to be undertaken by the CWR and the Government and will be implemented once approved by the Government

- the CWR will support the Government in developing and executing a RFP process for the implementation of a solar PV farm at the BAMSI complex on Andros.
- the CWR will support the Government in developing and executing an RFP process for the implementation of a country wide LED street lighting retrofit project.
- the CWR will support the Government in exploring and potentially developing a 'pay as you go' metering and billing system for BEC, which should dramatically reduce our accounts receivables issues at BEC and help consumers better manage their energy consumption.

Once completed these projects will create the prototypes for similar initiatives to be conducted across The Bahamas. More schools can be taken off the grid, private sector business could conduct their own energy audits and solar power can be used by more sectors of our society. I am looking forward to working with the Carbon War Room on these exciting projects.

Also in furtherance of the Government's commitment to secure our energy future, my ministry recently released to the general public, the Bahamas National Energy Policy 2013-2033. This document presents the vision and goals of the Government for a reformed energy sector. It was compiled in consultation with industry stakeholders and is available for all to review online. I want to publicly thank the Chamber for their assistance and contribution to the Policy. The vision for energy sector reform is to create, "a modern, diversified and efficient energy sector, providing Bahamians with affordable energy supplies and long term energy security towards enhancing international competitiveness and sustainable prosperity." The National Energy Policy is based on four main goals:

1. Bahamians will become well aware of the importance of energy conservation, use energy wisely and continuously pursue opportunities for improving energy efficiencies, with key economic sectors embracing Eco-efficiency.
2. The Bahamas will have a modern energy infrastructure that enhances energy generation capacity and ensures that energy supplies are safely, reliably and affordably transported to homes, communities and the productive sectors on a sustainable basis.
3. The Bahamas will be a world leader in the development and implementation of sustainable energy opportunities and continuously pursue a diverse range of will researched and regulated, environmentally sensitive and sustainable energy programmes, built upon our geographical, climatic and traditional economic strengths.
4. The Bahamas will have a dynamic and appropriate governance, institutional, legal and regulatory framework advancing future developments in the energy sector underpinned by high levels of consultation, citizen participation and public-private sector partnerships.

The Bahamas National Energy Policy document provides the country with a guide to total energy reform by the year 2033 through strategic steps such as fuel diversification, infrastructure modernization, renewable energy source development, conservation and efficiency. It also includes a table for target evaluation and monitoring. As it states in the policy, "To ensure that the goals of the policy are achieved, the Government in consultation with the private sector and civil society will develop 3 year action plans that will enable the development of key actions to support the strategies articulated in the policy document. These plans will provide detailed information on specific actions to be undertaken, the

implementing agencies or stakeholders, time lines and costs.” Ladies and Gentlemen there is a lot of work to do. If you want change in the energy sector, work with us through civil society and the chamber to advance the strategies that will enable us to not only meet our goals but exceed them. We must all be agents of change. The Government cannot effect the change we need on its own. The private sector must play a major role. Each of you must play a major role!

In keeping with its commitment to establish a Residential Energy Self Generation Programme (RESG), Cabinet has approved the framework for this programme along with the Renewable Energy Power Purchase/Inter connection agreements prepared by the Office of the Attorney General. Yesterday, Cabinet authorised the tabling of The Electricity Amendment Bill, 2014 and the Electricity (Renewable Energy) Regulations 2014 in Parliament. We are now making the bold step of making grid tie connection and net billing a legal reality in The Bahamas. This is long overdue, but I am excited about our renewable energy future.

The RESG Programme will provide a means by which residential and certain commercial customers with renewable energy generation capabilities sited on their respective properties for serving their own electricity requirements to connect to the grid. The applicable renewable energy technologies will be wind turbines or solar photovoltaic power sources.

The Minister responsible for BEC and BEC will reserve the right to limit the number of services per individual, entity or classification.

The following conditions will be observed in respect to the

RESG programme:

(a) New Providence

Residential Renewable Energy Self Generator system shall not supply greater than 5 kilowatts (kW) to the grid. You may be able to install a system greater than 5 kW to assist with reducing your consumption of electricity, but you will not be allowed to supply and get credit for more than 5 kW.

Commercial RESG systems (limited to public buildings, including those owned by public corporations, public and private preparatory, primary, secondary and tertiary schools and buildings used by Approved Manufacturers under the Industries Encouragement Act, churches and not for profits operating as charitable organizations as approved by the Minister responsible for Electricity) shall not supply greater than BEC's estimate of the customer's peak demand or 50kW, whichever is lesser, unless otherwise approved by the Minister and BEC.

(b) Abaco, Eleuthera and Exuma

Residential Renewable Energy Generator systems shall not supply greater than 3 kilowatts (kW) to the grid.

Commercial RESG systems shall not supply greater than BEC's estimate of the customer's peak demand or 25kW, whichever is lesser, unless otherwise approved by the Minister and BEC.

c) Long Island, Bimini, San Salvador, North/Central/South Andros, Inagua, Cat Island, Great Harbour Cay, Black Point, and Staniel Cay (Exuma)
Residential Renewable Energy Self Generator systems shall not supply greater than 2 kilowatts (kW) to the grid.

Commercial RESG systems shall not supply greater than BEC's estimate of the customer's peak demand or 5kW, whichever is lesser, unless otherwise approved by the Minister and BEC.

(d) All Other Family Islands

Residential Renewable Energy Self Generator systems shall not supply greater than 1 kilowatt (kW) to the grid.

Commercial RESG systems shall not supply greater than BEC's estimate of the customer's peak demand of 5kW, whichever is lesser, unless otherwise approved by the Minister and BEC.

With respect to Grand Bahama, the Government intends to discuss this national initiative with the Grand Bahama Port Authority and the Grand Bahama Power Company with a view to obtaining their cooperation to ensure that Grand Bahamians can also take advantage of this new initiative. The residents of Grand Bahama cannot be left out and will not be left behind.

2. The Government will offer the programme for a period of two years and at the end of the pilot programme, the Government will review the experiences and determine whether to continue offering the programme at the specified tariff.
3. BEC shall install meters capable of recording energy flows in both directions and will utilize a net billing methodology for billing purposes. BEC shall credit the RESG's account for all energy (kWh) up to the maximum threshold allowed that is supplied to the grid, based on BEC's applicable Fuel Adjustment Charge prevailing during the month the energy is

supplied. At the end of each billing period, if the account is in debit after the renewable energy charges have been applied, the balance due will be billed and payable. If the account is in credit, the amount will be carried forward to the next billing period. Excess generated energy (kWh) within the allowable threshold will roll over from month to month until October of each year, at which time any energy credit will reset to zero. There will be no payment for excess energy generated by RESGs.

Another initiative that will aid the Bahamas in its journey to secure our energy future is our recent acceptance as part of the International Renewable Energy Agency (IRENA). IRENA is "an intergovernmental organization that supports countries in their transition to sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy.

As I have stated before, IRENA is a very important component for The Bahamas' road map for the deployment of renewable energy technologies. One of the reasons we joined IRENA is because of their advancement of international standards associated with renewable energy technologies. IRENA has assured us that they are willing to work with The Bahamas in developing our national standards as regards renewable energy technologies. IRENA is also advancing a new Lighthouse Initiative in which they will work with countries, such as ours, in developing road maps for transition into the deployment of renewable energy technologies. We have also had discussions with IRENA to ensure that as we move into the net billing grid tied connection framework, that they assist us in developing that

programme not only for residential scale, but to further ensure that as we move into utility scale deployment of renewables, it is done in a way where we protect the integrity of the technology and that it is done correctly.

In 2012, it was reported that The Bahamas was the second largest importer of oil in the Latin American region, placing our spending at 13-14% of GDP in 2006. Just recently the Prime Minister made a presentation in Tennessee where he stated that oil import for consumption "expenditure peaked in 2008 to \$1.1 Billion and in 2012 to \$900 million."

In short order, legislation will be brought to parliament to regulate the upstream Petroleum industry in the country. Should hydrocarbons or natural gas be found in the country in commercially viable quantities, it stands to have a significant positive impact on the public purse. The new pieces of legislation pertaining to the Petroleum industry will ensure that exploration for oil is conducted as safely and environmentally responsible as possible, in accordance with international best practices and health and safety protocols.

This new regulatory and legislative regime also calls for the establishment of a Sovereign Wealth Fund. It must be fully understood that should oil be found in commercially viable quantities there will be no checks distributed to individuals. Significant revenues associated with production may be derived from this venture and will be placed in the Sovereign Wealth Fund for the benefit of all Bahamians collectively.

It should be noted that in the future, the Government will adopt a new fiscal regime for the Petroleum sector. My Ministry, which is charged with responsibility for the upstream Petroleum sector, will be negotiating future

exploration arrangements that will provide for the sharing of revenue on the production of hydrocarbons and natural gas. While we may be a "frontier oil exploration regime", moving forward, this administration will do its part to ensure that the people of the Bahamas get their fair and just share of revenues derived from exploiting our natural resources.

I would be remiss as Minister of the Environment and Housing if I did not mention as a part of the energy future of The Bahamas , the importance of conservation. Energy conservation not only benefits our environment by reducing our carbon footprint but it is also known to benefit our pocketbooks by reducing our energy consumption. We all should know by now that the use of CFL and LED bulbs are more energy efficient than regular incandescent light bulbs and also last longer. We should also all know that for some businesses the use of air conditioning is imperative. Our citizens must know that purchasing the most energy efficient A/C unit possible may cost a little more upfront, but paying close attention to the Seasonal Energy Efficiency Ratio (SEER) can save you big money in the long run. The higher the units' SEER rating the more energy efficient it is. Depending on the type of business you run you can also look into installing a Variable Refrigerant Volume A/C system. These systems allow for one unit to be connected to several different evaporators thereby giving each room its own temperature setting. This is the suggested A/C energy saving model especially for hotels. As some of you may know, this administration also approved the construction of an OTEC facility, which will provide chilled water for the air-conditioning system for the new BAHMAR resort project. If the technology works, it can prove to be a very interesting case study that may be considered for energy generation in the future.

This government has set a course for change within this vital sector of our society. We are resolved to ensuring that the changes we propose come to fruition. As you can see by the measures that we have taken already and the commitments that we have made and the partnerships that we have entered into with international organizations we are making notable strides toward our goals as it relates to energy reform and security.

We must work together on this issue of energy sector reform. It is clearly in our collective best interests that we succeed in achieving our goals. It is my view that the future development of The Bahamas depends in part to the reformation that can be achieved within the energy sector. Therefore this issue must be above politics and live beyond the five year election cycle. We must continue to advance this process looking towards the future.

I call on those of you gathered in this room and the general Bahamian populace at large to band together on this issue. To support the Government as we move forward with this grand initiative. I also call on Bahamians to prepare themselves for the entrepreneurial opportunities and new green jobs to be created in the future.

I am glad that I was able to join you this morning to speak on a subject that is near and dear to me. I hope that my contribution to this discussion has made the government's position on this subject clearer and has enlightened you on how far we have come on our journey of securing the energy future of The Bahamas. This administration is doing its part. We have begun the process in earnest. I hope that each of you will do your part in spreading the word and ensuring the businesses involved with the Chamber of Commerce conduct

their energy audits, embrace renewable energy and employ greater energy conservation measures.

I thank you very much for you kind attention.
God Bless you all.