



Public Consultation

Work Plan and Budget

REGULATORY AUTHORITY WORK PLAN

2023-24 FISCAL YEAR

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1. EXECUTIVE SUMMARY

1.1 Introduction

The purpose of this proposed 2023-24 Work Plan is to comply with Section 43(2) of the Regulatory Authority Act 2011 (**RAA**), which requires the Regulatory Authority of Bermuda (**RA**) to conduct a public consultation regarding its Work Plan for the upcoming financial year. This proposed Work Plan will cover the period of 1 April 2023 through 31 March 2024, and includes a corresponding proposed budget. All figures within this document are denominated in Bermuda Dollars.

The projected year-on-year decrease in revenues for the fiscal year 2023-24 is 7%. The decrease is attributed to a reduction in the Regulatory Authority Fees relating to the Transmission, Distribution and Retail Licence (**TD&R**) fee, **from \$0.00635/kWh to \$0.00545/kWh**. The Regulatory Authority Fee for Integrated Communications Operating Licences (ICOLs) will remain at 1.650%.

In the Electricity Sector, the primary activities are driven by Bermuda's Integrated Resource Plan (**IRP**) with the continued implementation of the short term plan and updating of the middle to long term plan which will culminate with a revised IRP. Following the successful first phase of the wind pre-feasibility study, the RA will continue with the next phase which is launching a meteorological wind resource measurement study and geo-physical studies. Further, the RA completed site assessments for the bulk generation solar developments and has worked closely with the Government to advance the development of several of these sites through an RA-led procurement process. The RA will also initiate another comprehensive multi-year retail tariff review to set new electricity rates for the 2024-25 period.

In the Electronic Communications Sector, the primary focus of the RA will be to commence and conclude the next Market Review for the sector. This statutory review is a complex and significant undertaking that will require full participation from the sector providers to ensure that the best outcomes are identified and implemented. In addition, the RA will be working on various updates to Consumer Protection and Radiofrequency (RF) Safety while also conducting a review of spectrum usage in preparation for potential Spectrum Licence renewals in 2024.

The RA will also continue to regulate the international submarine communications cable permitting and licensing processes following the enactment of the under the Submarine Communications Cables Act 2020.

Additionally, the RA will establish the regulatory framework for the Fuels Sector, including developing and issuing licenses, creating a methodology for fuel pricing, and setting and enforcing fair competition rules and guidelines. The public will be engaged in public consultations for several of these items. At the time of writing, the Fuels legislation has not been finalised. Any updates will be provided in the Preliminary Report of this consultation.

The RA intends to propose that the Minister of Home Affairs set the Regulatory Authority fees as follows:

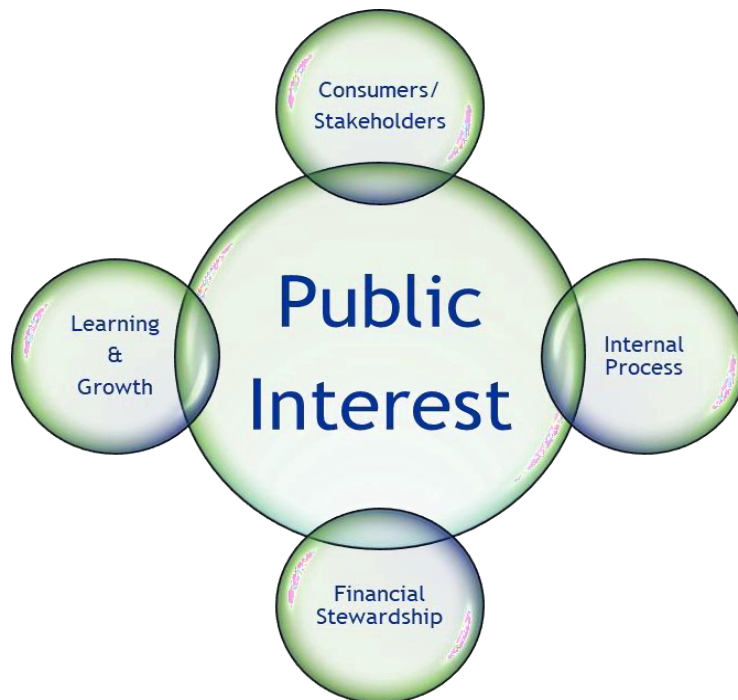
- a) The Electronic Communications Regulatory Authority Fee, relating to ICOLs, to remain at 1.650%;
- b) The General Regulatory Authority Fees under paragraph 1 of the Schedule to the Electricity (Regulatory Authority Fees) Regulations 2021, payable by the Transmission, Distribution and Retail (TD&R) Service Provider **to reduce to \$0.00545** per kilowatt-hour; and
- c) The General Regulatory Fees under paragraphs 2 to 6 of the Schedule to the Electricity (Regulatory Authority Fees) Regulations 2021, payable by the Bulk Electricity Generation Providers is to remain as follows:
 - i. Utility-Scale Electricity Generation provider (greater than 25 Megawatts of installed electricity generation capacity) - **to remain** at \$1,000 per Megawatt;
 - ii. Fossil Fuel Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) - **to remain** at \$1,500 per Megawatt;
 - iii. Waste-to-Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) and – **to remain** at \$1,500 per Megawatt;
 - iv. Renewable Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – **to remain** at \$1,500 per Megawatt;
 - v. Self-Supply Generation License provider (greater than 0.5 Megawatts of installed electricity generation capacity) – **to remain** at \$6,500 per Megawatt.
- d) The Electronic Communications Regulatory Authority Fee, relating to Submarine Communications Operating Licences (SubCOLs), **to remain** at 1%.

As an independent regulator, the RA is funded from sectoral fees. Therefore, it is important that the relevant fees are set at the necessary levels that will allow the RA to meet its planned expenditures. Further, the RA has attempted to set fees according to the cost-drivers of such fees. Based on the rationale stated above, the RA also proposes to recommend to the Minister of Home Affairs that there should be no increase in the current level of Government Authorization Fees imposed on the Electronic Communications and Electricity sectors under the Government Fees Act 1965. Further, the RA proposes a reduction in consultation activities and consequential costs to limit increases in RA costs. The RA will also recommend to the Minister that the fee imposed to fund the extraordinary items relating to the Wind Pre-feasibility studies be eliminated as the initial two year funding period has completed.

The RA intends to request that the Minister of Finance approve the RA's proposed budget of \$6,165,000 for total revenues (a decrease of 7%) and of total expenditure of \$6,112,976 (a decrease of 7%) for the fiscal year 2023-24. It proposes to request that the Minister of Home Affairs make regulations to establish that the Regulatory Authority Fees payable by ICOL holders, SubCOL holders and electricity sectoral participants to fund the proposed budget. The RA also proposes that an appropriate grant or other financial method be provided to the RA to fund the initiation of the regulation of the Fuel sector.

1.2 Strategic Objectives

The RA's Vision, Mission and Values ensure the public interest is the core focus of the regulated sectors.



The RA will strive to achieve these objectives through a balanced focus on its four top priorities:

- **1- Consumer/Stakeholder** focus will ensure that the RA works to bring value to the community and its stakeholders.

Internal Strategic Objectives:

- Consumer Protection- focus on educating consumers and sectoral providers to “Know Your Rights”
- Build awareness of the RA to better understand “Who we are & What we do”
- **2- Internal Process** focus will ensure that the RA consistently delivers and pursues continual improvement;

Internal Strategic Objectives:

- Strengthen Policy & Compliance Framework
- Risk-oriented business process management aligned with Compliance- continue to implement well-documented processes

- **3- Innovation, Learning and Growth** focus will ensure that the RA develops the internal capacity to execute its mandate, and

Internal Strategic Objective:

- Succession Planning- achieved through increasing the RA presence in schools, through student employment programs.
 - Building capacity in all aspects of operations
 - **4- Financial/Stewardship** focus will ensure that the RA is operating with the financial wherewithal that is appropriate for a not-for-profit corporate entity
- Internal Strategic Objective:
- Achieve sustainable financial stability

The RA will continue building capabilities to operate across multiple regulated sectors with the long-term goal of gradual reduction in the reliance on external advisors/consultants and a decrease in regulatory costs per sector. The RA has been increasingly successful in lowering its reliance on external resources. Between FY20 and FY21 overall expenditure on consultancy services decreased by 42% across the EC and Electricity sector and similarly reduced by the same percentage between FY22 and FY21.

1.3 Fiscal Year 2022-2023 Major Activities:

Examples of some of the key activities undertaken by the RA in the fiscal year 2022-2023 in the electronic communications, electricity and submarine communications cables sectors include the following:

Electricity Sector:

- Utility Scale Solar PV Feasibility Studies: The RA completed the feasibility studies for further solar PV bulk generation renewable energy developments which would aid in meeting the solar PV bulk generation limits set in the 2019 IRP which sought approval to solicit a major development across multiple sites under a single project.
- Retail Tariff Review: The RA identified and assessed all costs associated with the generation, transmission, distribution and retailing of electricity by BELCO which were used to set the new customer electricity rates for 2022. Building on the work started for Bermuda's first multi-year Retail Tariff Review starting in 2021, phase two of the Retail Tariff Review developed and evaluated new tariff designs, their likely impacts and set new

rates for 2023. Considerations for new retail tariffs included time-of-use tariffs, electric vehicle charging tariffs and tariffs for low-income households.

- **Bulk Generation Proposals and Licence Evaluation:** The RA received one unsolicited Bulk Generation proposal for an initial evaluation, however it was not submitted in accordance with the Bulk Generation Procurement Rules and IRP.
- **Wind Feasibility Study Phase 2:** In 2022, RA studies determined potential offshore wind locations, preliminary productions, asset types and power production potential. It initiated environmental impact studies and consultations toward settling on a selected site that would feature in site-specific detailed evaluation, i.e., meteorological wind study, environmental and social impact assessment, subsequent to a public consultation.
- **IRP Proposal Preparation:** The RA's initiated the IRP Proposal preparations by soliciting the public's and stakeholder's input on the IRP Guidance Document, the document which would provide direction to TD&R licence in preparing the IRP Proposal. The RA plans to engage the TD&R Licensee for an IRP Proposal, in compliance with the guidance document and the Electricity Act 2016 (EA). This request anticipates receipt of an IRP Proposal in Q4 of 2022/23 for meeting forecasted energy demand using both supply and demand-side resources to provide cost-effective and reliable service to customers. Following an initial analysis by the RA, a public consultation and request for alternative generation proposals will ensue, followed by an iterative process toward concluding the Final IRP, taking into consideration the public's comments.
- **Retail Tariff Methodology General Determination Review:** The RA commenced the review of the Retail Tariff Methodology set in 2018 with the aim to perform benchmarking analysis against current best tariff setting practices and approaches, and also to add further guidance and clarity in the methodology to enhance the confidence in the regulatory regime. The methodology review will also involve a public consultation in accordance with section 35 of the EA.
- **Feed in Tariff Methodology General Determination Review:** While in the process of reviewing the 2018 Feed in Tariff Methodology, the RA issued an Emergency General Determination to extend the FIT set in 2019. The methodology review aims to modify the

existing methodology in line with modern best practices and data available to Bermuda.

Electronic Communications Sector:

- **National Connectivity Plan:** The RA plans to commence the development of a National Connectivity Plan in support of the purposes of the ECA. This National Connectivity Plan is intended to incorporate recent and upcoming changes in the national networks and fold in aspirational forward looking goals for the coming years ahead. Discussion topics include (but were not limited to) universal service, the retirement of legacy copper networks, minimum broadband service speeds, quality of service standards, connectivity targets, infrastructure targets (where appropriate) and e911.
- **Spectrum Liberalization:** Recognizing the fact that new technologies have blurred the lines between traditional spectrum licences, the RA is in the process of investigating whether any form of spectrum liberalization is appropriate for the Bermuda market and determine what form of future licences may take. As part of this assessment, the RA plans to carry out an analysis of effective and efficient use of all the existing spectrum licences in preparation for the potential renewals of spectrum licenses in 2023-2024.
- **Significant Market Power (SMP) Remedy Implementation:** Following the setting of SMP Remedies as part of the 2020 Market Review of the Electronic Communications Sector in fiscal year 2021-22, the RA continues to monitor whether the remedies are being effectively implemented. These remedies include obligations to offer broadband services on a standalone basis, reporting requirements and wholesale access on a fair, reasonable and non-discriminatory basis. The RA will continue to work with the sectoral providers that are obligated to comply with the SMP remedy obligations, to ensure adherence which will require periodic assessment of the remedies imposed. It should be noted that a number of the SMP Remedies set in the 2020 Market Review have been impeded by ongoing litigation between the SMP providers and the RA.
- **Redevelopment of Spectrum Database Platform:** The RA commenced development of a replacement database platform used to document Spectrum licences, Radio Class licences and Type Approvals. The primary goal is to provide a solution that is more end-user driven, web enabled and provides a built in payment gateway function. The solution also seeks to enable timely automated renewal reminders for licence holders.

- **Radiofrequency Study:** As part of the ongoing monitoring of spectrum in Bermuda, the RA intends to conduct an inhouse RF Study in 2022/23 to continue to monitor the levels of RF in use in Bermuda. This RF study will follow on from the study carried out in March 2021 and capture the impacts of the new ICOLs' RF systems.
- **Sectoral review:** The RA requested and was granted an extension of the time frame from the Minister to commence the review of the Electronic Communications sector pursuant to section 17 of the RAA such that it falls within the 2022/23 fiscal year. The Sectoral review, currently in public consultation, involves a comprehensive review of the sector, including all policies, legislation, regulations and administrative determinations applicable to the sector. This project has been undertaken entirely with internal resources and has resulted in no additional funding being required from sector participants.

Submarine Communications Cables Sector:

The was not a significant amount of activity in this sector at the time of writing.

2. STRUCTURE OF WORK PLAN DOCUMENT

Building on the accomplishments of the previous fiscal year, this document sets out the RA's Work Plan for the period April 1, 2023, to March 31, 2024. It includes the RA's current mandate, strategic goals and the major activities that it anticipates undertaking. The Work Plan also details the Proposed Budget and Projected Revenues which support these planned activities.

Further, the proposed Work Plan reflects the RA's assessment of the ongoing and projected trends in the regulated sectors which the RA regulates, namely:

- Electronic Communications, including radio communications and radio spectrum management;
- Electricity, including electricity generation, transmission, distribution and retail;
- Submarine Communications Cables, including installation permits and operational licences; and
- Consumer Protection relating to all regulated sectors.

The proposed Work Plan does not include any specific work that may be required in any other sectors which may become regulated in the future or ad hoc additions.

3. CONSULTATION PROCEDURE

This consultation is being undertaken in accordance with sections 4, 5, 44, 52 and 69 to 73 of the Regulatory Authority Act 2011 ("RAA"), sections 5, 40 and 11 of the Electronic Communications Act 2011 ("ECA"), sections 6 of the Electricity Act 2016 ("EA") and sections 6, 14 and 15 of the Submarine Communications Cable Act 2020 ("SCCA"). The procedure and accompanying timelines (as set out in section 72 of the RAA), under which this consultation is taking place, are outlined below.

Section 43(2) of the RAA requires the RA to conduct a public consultation regarding its Work Plan for the fiscal year 2023-2024 (April 1, 2023 through March 31, 2024), including its proposed income and expenditure budget.

Section 43(2) of the RAA requires that the Work Plan include the following:

- (a) the RA's strategic objectives;
- (b) any major activities, such as public consultations, that the RA anticipates undertaking during the upcoming financial year;
- (c) any quantitative indicators that the RA has adopted to measure its performance during the upcoming financial year; and
- (d) a preliminary estimate of the RA's budget for the upcoming financial year.

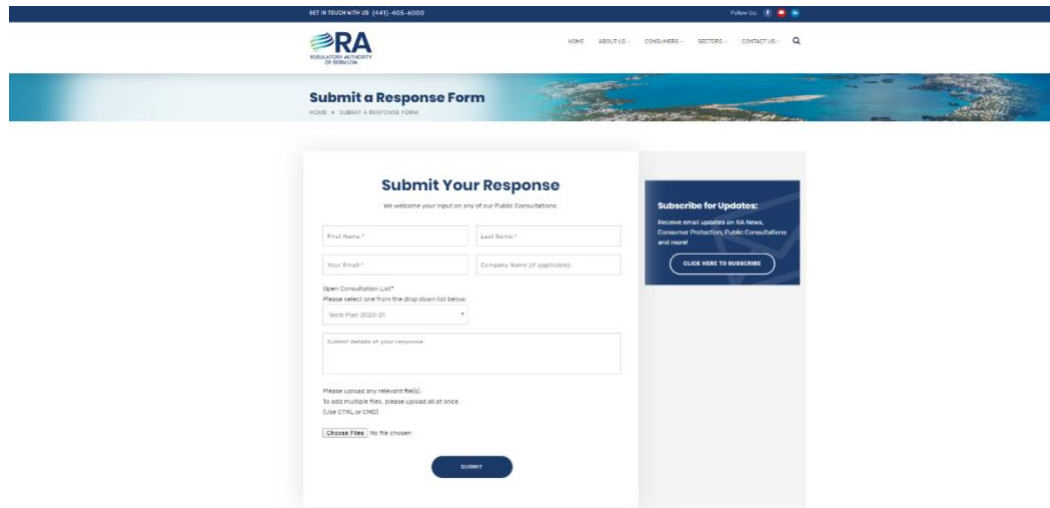
Consistent with practice relating to any other consultation, the RA prepares and publishes in draft, an initial copy of the Work Plan and the proposed budget for the public consultation, and invites comments from the public and various stakeholder groups on its content. The document is subsequently published on the RA's website (www.ra.bm).

The RA then gives due consideration to any comments submitted and decides whether or not to revise the draft Work Plan as a result. This then leads to a Preliminary Report, which sets out the proposed Work Plan and proposed budget. Section 43(3) of the RAA requires the Preliminary Report to be submitted to all Ministers responsible for regulated sectors and the Minister of Finance, no later than three months before the commencement of the relevant fiscal year. At present, the Minister of Home Affairs is responsible for all regulated sectors.

The RA invites comments from members of the public, electronic communications and electricity sectoral participants and providers, and other interested parties. The RA requests that commenting parties, in their responses, reference the numbers of the relevant questions, as set forth in this Consultation Document, to which they are responding.

Responses to this Consultation Document should be filed electronically in MS Word or Adobe Acrobat format. Parties wishing to file comments should go to the RA's website www.ra.bm and follow this link:

Sectors page for Public Consultations: <https://www.ra.bm/public-consultations/>

The image shows a screenshot of the RA (Regulatory Authority) website's public consultation submission page. At the top, there is a navigation bar with the RA logo and links for HOME, ABOUT US, CONSULTERS, SECTORS, and CONTACT US. Below this is a banner for 'Submit a Response Form'. The main content area features a form titled 'Submit Your Response' with the following fields: 'First Name', 'Last Name', 'Your Email', and 'Company Name (if applicable)'. There is a dropdown menu for 'Open Consultation List' with 'Work Plan 2020-21' selected. A large text area is provided for 'Submit details of your response'. Below the text area, there are instructions: 'Please upload any relevant files', 'To add multiple files, please upload all at once. (Use CTRL or CMD)', and a 'Choose File' button. A 'Submit' button is at the bottom of the form. To the right of the form is a 'Subscribe for Updates' box with a 'CLICK HERE TO SUBSCRIBE' button.

All comments should be clearly marked "2022 09 30 – Work Plan and Budget 2023-2024" and should otherwise comply with Rules 18 and 30 of the RA's Interim Administrative Rules, which are posted on the RA's website.

The RA intends to make responses to this Consultation Document available on its website. If a commenting party's response contains any information that is confidential in nature, a clearly marked "Non-Confidential Version", redacted to delete the confidential information, should be provided together with a complete version that is clearly marked as the "Confidential Version". Redactions should be strictly limited to "confidential information", meaning a trade secret, information whose commercial value would be diminished or destroyed by public disclosure, information whose disclosure would have an adverse effect on the commercial interests of the commenting party, or information that is legally subject to confidential treatment. The "Confidential Version" should highlight the information that has been redacted. Any person claiming confidentiality in respect of the information submitted must provide a full justification for the claim. Requests for confidentiality will be treated in the manner provided for in Rule 30 of the RA's Interim Administrative Rules.

In accordance with section 73 of the RAA, any interested person may make an *ex parte* communication during this consultation process, subject to the requirements set forth in paragraph 13.

An *ex parte* communication is defined as any communication to a Commissioner or member of staff of the RA regarding the matter being consulted on in this Consultation Document, other than a written submission made pursuant to section 73(2) of the RAA. Within two (2) business days after making an *ex parte* communication, the person who made the *ex parte* communication shall submit the following to the RA: (i) a written description of the issues discussed, and positions espoused; and (ii) a copy of any written materials provided. This will be posted on the RA's website, along with a notice of the *ex parte* communication.

The principal point of contact at the RA for interested persons for this Consultation Document is Nigel Burgess. He may be contacted by email, referencing "Proposed Work Plan and Budget 2023-24" at consultation@ra.bm or by mail at:

Nigel Burgess

Matter: 20220930 – Work Plan and Budget 2023-2024

Regulatory Authority

1st Floor, Craig Appin House

8 Wesley Street

Hamilton, Bermuda

In this Consultation Document, except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them by the EA, ECA, RAA, SCCA and the Interpretation Act 1951.

This Consultation Document is not a legally binding document and does not contain legal, commercial, financial, technical or other advice. The RA is not bound by this Consultation Document, nor does it necessarily set out the RA's final or definitive position on particular matters. To the extent that there might be any inconsistency between the contents of this Consultation Document and the due exercise by the RA of its functions and powers, and the carrying out of its duties and the achievement of relevant objectives under law, such contents are without prejudice to the legal position of the RA.

4. PROPOSED BUDGETS AND FEES

As mentioned, the revenue budget is focused on aligning the fees with the costs drivers in the relevant sectors when practical. As such, the RA proposes the following:

4.1 Funding

The RA's costs are to be funded through the payment of the RA Fees which consist of general regulatory fees and service fees. General Regulatory Authority Fees are paid by holders of ICOLs, SubCOLs, Electricity TD&R and Bulk Generation Licences. Service Fees are paid by sectoral participants for specific functions performed by the RA, on a per service basis. As defined in the RAA (section 44), sectoral participants include a person or entity that provides, uses or seeks to use goods or services in a regulated industry sector.

The RA proposes to adopt, subject to the approval of the Minister of Home Affairs and the Minister of Finance, a total expenditure budget of \$6,112,976 which consists of an Operating Expenditure of \$6,098,976 and a Capital Expenditure of \$14,000.

4.2 Electronic Communications

The RA proposes a decrease to the Expenditure Budget for the Electronic Communications sector for the fiscal year 2023-24. Specifically, an Expenditure Budget of \$3,057,988 is proposed, which is a decrease of \$26,207 (1%), when compared to the 2022-23 Approved Budget. The RA recommends that the **Electronic Communications Regulatory Authority Fee for ICOL holders** remain the same at 1.65%, which will be applied to the ICOL's Relevant Turnover and that **the Electronic Communications Regulatory Authority Fee for SubCOL holders remain** at 1%, which will be applied to the SubCOL's Relevant Turnover.

4.3 Electricity

The RA proposes revenue of \$3,055,000 which is below the Approved Budget for the fiscal year 2022-23 by \$466,000 (13%). The following are the fees used to support the Electricity Expenditure Budget for 2023-24:

- i. Electricity TD&R service provider – **be lowered to \$0.00545** per kilowatt-hour sold;
- ii. Utility-Scale Electricity Generation provider (greater than 25 Megawatts of installed electricity generation capacity) - **no proposed change**;
- iii. Fossil Fuel Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) - **no proposed change**;

- iv. Waste-to-Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – **no proposed change**;
- v. Renewable Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – **no proposed change**; and
- vi. Self-Supply Generation License provider (greater than 0.5 Megawatts of installed electricity generation capacity) – **no proposed change** .

4.4 Proposals to the Minister of Home Affairs:

As a result of the preceding information, the RA intends to propose the following to the Minister of Home Affairs:

- That there should be **no change in the Electronic Communications RA Fee of 1.65%**, relating to the general regulatory fees;
- That there should be **a decrease in the General Regulatory Authority Fees** to \$0.00545/kWh under paragraph 1 of the schedule per the Electricity (Regulatory Authority Fees) Regulations 2021, payable by the TD&R Service Provider;
- That there should be **no change**, in accordance with section 7.2 of this document in the General Regulatory Authority Fees under paragraphs 2 to 6 of the schedule to the Electricity (Regulatory Authority Fees) Regulations 2021, **payable by the Bulk Electricity Generation Providers**;
- That the Service Fees should be set per section 8; and
- That there should be **no change in the Government Authorization Fees payable by the Electronic Communications Providers**.

5. LEGISLATIVE CONTEXT

The RA is an independent regulator established under the RAA. In accordance with section 12 of the RAA, the principal functions of the RA are as follows:

- i. to promote and preserve competition;
- ii. to promote the interests of the residents and consumers of Bermuda;
- iii. to promote the development of the Bermudian economy, Bermudian employment and Bermudian ownership;
- iv. to promote innovation; and
- v. to fulfil any additional functions specified by sectoral legislation.

To date, the RA is mandated to regulate the Electronic Communications, Electricity and Submarine Communications Cables sectors. The work associated with the Fuels sector is expected to be fully funded by fees relating to that sector, an initial grant from the Government of Bermuda or other financing mechanism. Based on past experience launching the electricity regulation framework, the RA believes that the initial regulatory framework for the fuel sector may cost ~\$1,000,000.

6. BASIS, ROLES AND RESPONSIBILITIES OF THE RA

6.1 Statutory basis of the RA and funding

As the RA is an independent body, it is important to note that the RA receives no Government funding. It is funded by the collection of RA Fees, which currently include the following:

- i. fees charged to ICOL holders;
- ii. fees charged to SubCOL holders;
- iii. fees charged to the TD&R licensee, which are recoverable from the consumers of electricity;
- iv. fees levied on those entities that operate in the Electricity sector as electricity generation providers, which includes BELCO and Tynes Bay Waste to Energy Facility; and
- v. fees levied on applicants pursuant to the SCCA.

The legislative basis of the RA specifies its responsibilities as, amongst others, to promote sustainable competition, incentivise innovation and investment, and ensure the interests of consumers are met. In pursuing this mandate, the RA discharges these responsibilities through (i) economic regulation; (ii) technical regulation; (iii) necessary consultation and legal decisions; and (iv) enforcement.

The RA may require further funding for additional regulated sectors as assigned by the Government.

6.2 The role of the RA's Board of Commissioners

Pursuant to the RAA, the Board of Commissioners (BOC) is responsible for deciding and issuing various regulatory decisions consistent with its duties under the ECA, EA and SCCA. The BOC is also responsible for the governance of the RA and directs the Chief Executive of the RA. There are currently five (5) Commissioners.

6.3 Building capacity, regulatory partnerships and stewardship.

The RA's staffing strategy is focused on recruiting, retaining and supporting a qualified team of legal, financial, technical and operational staff. The RA develops staff by knowledge transfer from the experience of senior staff members, engagement of external advisors and targeted training as a proven strategy. The development of staff also provides a knowledgeable pool for future leadership and management opportunities within the organisation but also broadens the local pool of skilled people.

The RA serves the public interest and protects consumers by enhancing the integrity of the regulated sectors and promoting effective competition, which in turn ensures that consumers have access to the products and services they need. Collaboration with regulators in other jurisdictions to share experiences and best practices also assists the RA in the delivery of proven regulatory services for consumers. The RA has also shared its experiences with other regulators such as how the RA managed critical services during the COVID lockdowns in both statutory and voluntary approaches.

6.4 Addressing new areas of regulation for the RA.

As a multi-sector regulator, the RA has developed operational efficiencies through the use of common back-office systems and procedures to effectively support the administrative requirements for its existing sectors. The RA expects that with these improved efficiencies, the timeline to integrate new regulated sectors will be significantly reduced, and thereby allow the RA more time to devote to the development of any technical expertise that may be required. The RA anticipates commencing the regulation of the Fuel Sector subject to legislative approval. This will include public consultations, the establishment of the licensing regime, the development of the fuel pricing methodologies and setting and enforcing competition rules.

The RA also notes that Satellite Earth Station and Broadcasting regulation are likely to be transferred to the RA in the future as well.

The RA will discuss the appropriate funding models with the Government, including grants or other financing vehicles, for new regulated sectors and/or duties.

7. OPERATIONAL FUNCTIONS

7.1 Fee collection

During the fiscal year 2023-24, the RA anticipates collecting Government revenues of approximately \$18,160,000 and \$180,301 from the Electronic Communications and Electricity sectors, respectively. These figures have been calculated based on the fiscal year 2022-23 and has been adjusted for the projected GDP growth of [0.7]% in the fiscal year 2023-2024, based on the historical trend of the International Monetary Fund (**IMF**) World Economic Outlook projections for advanced economies.

7.2 Budget

The RA has set its proposed Expenditure Budget for 2023-24 at \$6,112,976. This is on the basis that the RA plans to undertake Electricity, Electronic Communications and Submarine Communications Cable related projects and operational activities. Any further regulatory activities, such as fuel regulation, would be commensurate with additional funding from the Government of Bermuda or the related sector.

7.3 Revolving Line of Credit

The RA renewed a Revolving Line of Credit to assist with cash flow management which is in place for a period of 2 years as of December 21, 2021. The RA intends to roll forward this line of credit for at least another 2 years after expiry.

7.4 Staff

As the regulatory activities that the RA pursues are specialised and complex, it is important that the RA builds and maintains an appropriate resource and staff base, which includes a focus on ongoing development, in-house training and succession planning. The staff is composed of both technical members, including engineers, accountants & analysts, and administrative team members such as general admin, HR & finance. The legal team straddles both the technical and general admin roles, as it is responsible for developing and interpreting statutory instruments and general legal duties.

7.5 Communications and Stakeholder Engagement

Post pandemic communication trends indicate that consumers are demanding considerably more enhanced online experiences. In Bermuda, there are at least five other entities with the name 'authority' as part of its title. As the RA is poised to increase the sectors it regulates, it is important

that it differentiates itself, builds trust and increases online engagement. Therefore, the RA's 2023-24 external communications initiatives will focus on increasing awareness of the RA and its mandates by delivering timely, valuable, and relevant information to its stakeholders in plain English across all consumer touchpoints, including the RA's new website.

7.6 Regulatory Regime

Government of Bermuda continues to consider further amendments to the duties of the RA, including adding sectors to its responsibilities; the RA must remain focused on streamlining the efficiency and effectiveness of its current operations. Consequently, the RA has decreased its operating costs for 3 consecutive years excluding unique efforts such as wind power assessments and creating new electricity tariffs.

The RA continues to develop its cross-sectional teams on the basis that its regulation of sectors involves a high degree of economic, financial, technical and legal analysis, which requires sound knowledge and subject matter expertise in each sub-field of the regulatory environment.

In the fiscal year 2023-24, the RA will focus on various work streams and projects that support the delivery of value to the public. These enforcing existing provisions and preventing non-SMP anti-competitive behaviours in the EC sector.

Further details on the RA's proposed Work Streams are set forth below.

7.7 Reporting obligations

Section 54 of the RAA requires a licensee to submit the following:

- a copy of its annual report;
- a copy of its annual financial statements and its auditor's report;
- a list of shareholders owning one per cent or more of the total shares in the body corporate, their nationality, the number of shares held by each and whether or not control of the body corporate is vested in persons possessing Bermudian status within the meaning of the Bermuda Immigration and Protection Act 1956; and
- the percentage of its employees possessing Bermudian status within the meaning of the Bermuda Immigration and Protection Act 1956.

It is critical that the RA robustly enforce this statutory requirement in order to ensure public

confidence in the work of the RA.

The RA will consult with all sectors to establish a calendar aimed at bringing all licensees into compliance. This cross-sectoral project will involve determining the extent to which licensees are compliance with these reporting requirements, developing a staggered calendar for compliance, and driving through compliance through important milestones which are communicated with the sectors following consultation with them.

7.8 Ex post remedies

The RAA imposes a number of interrelated statutory obligations relating to *ex post* remedies:

- Section 85(6) - The RA shall establish the criteria to be used to determine whether a person has contravened any of the prohibitions specified in section 85(5) (“Prohibition of abuse of dominant position”);
- Section 86(3) – The RA shall establish the criteria to be used to determine whether a person has entered into an agreement that falls within one of the categories specified in section 86(2) (“Prohibition of unreasonable restraints of trade”);
- Section 88(4) – The RA shall establish the criteria to be used to determine whether a person has entered into an agreement that falls within one of the categories specified in section 88(2) (“Prohibition of unfair trade practice”); and
- Section 87(1) - The RA, with the consent of the Minister, shall establish standards by which a sectoral provider will be classified as a specified sectoral provider.

Work will commence in FY 2023-24 on these general determinations and standards.

7.9 Electricity

The 2023-24 Electricity sector work streams are primarily project-oriented and highly focused on modernizing the sector.

i. Sectoral Review Electricity

This project comprises of a comprehensive sector review, including all policies, legislation, regulations, and administrative determinations applicable to the sector. Public consultation processes will initiate the review and it will conclude with a final report with recommendations and/or decisions.

ii. **Bulk Generation Proposals and Licence Evaluation**

The RA will continue to accept and evaluate completed Unsolicited Bulk Generation Proposals in accordance with the Bulk Generation Procurement Rules and the IRP. Successful Proposers will be invited to submit a Bulk Generation Licence Application in accordance with the Application Process for Electricity Licences General Determination. The RA will then evaluate the applications in accordance with the same and grant licences in accordance with the EA.

iii. **2024/25 Retail Tariff Review**

The RA will continue its work on the second multi-year Retail Tariff Review. With 2023-24 tariffs established, this new multi-year review turns to developing allowed revenue and associated rates for the next two year period. It will also evaluate the impacts of new tariff designs and further options for new tariffs. Scope will also include a mid-review capex reopener process and mid-review annual adjustments for energy sales, purchases, and performance regimes metrics.

iv. **IRP Development and Alternative Proposal Evaluation**

In Q2 of 2022 the RA drafted an IRP Guidance Document and invited public comment which initiated the development of the next IRP. Under the legislated timeline and process for requesting an IRP Proposal from the TD&R Licensee, the RA anticipates receiving an IRP Proposal aligned with the guidance document by Q1 2023. Specifically, the RA expects this proposal to update forecasted demand and the roadmap to meet it, inclusive of evolving supply and demand-side resources toward cost-effective, cleaner and reliable service to customers. The new IRP will also incorporate information from the RA's latest wind development and solar PV studies and all relevant prior studies.

The IRP Proposal receipt will initiate the RA's analysis and public consultation of the Proposal and also initiate the request for alternative proposals. Following the consideration of the consultation responses and alternative proposals, the TD&R will revise the Draft IRP under the directions of the RA until a final version of the IRP is accepted by the RA. The RA does not expect Electricity Sandbox related proposal inclusions for promising bulk generation technologies unless they are nearing commercialisation.

Upon completion of the IRP process, the final IRP will set Bermuda's future electricity strategy, which may include development opportunities for the bulk generation market.

v. **BG Offshore Wind Pre-Feasibility Studies**

The RA will move into phase three of its wind feasibility study, determining potential environmental impacts, wind resource availability, identifying suitable technology (turbine size, foundation types) and projected production at a single site selected following screening and public consultation. The RA seeks to de-risk the project for potential investors with investment grade/bankable studies, with cost recovery anticipated from a successful developer.

vi. **Utility Scale (BG) Solar PV Solicitation**

The 2022-23 Workplan progressed site selection for onshore utility scale solar PV, re-evaluating all known-to-be-available government/quango-controlled lands. Subject to Government approval, this project anticipates a major undertaking to solicit interest on all agreed lands as a single project. Our data suggests consolidating all lands under a single project will minimize energy production costs and thus maximize value to consumers. The RA will run the solicitation process under the BG Procurement Rules and in alignment with the IRP's goals. If successful, this project will add significant solar PV generation capacity, this advancing towards Bermuda's renewable energy targets.

vii. **BG Floating Solar PV**

The 2022-23 workplan featured a project seeking expressions of interest from potential providers for utility scale floating solar. In collaboration with the relevant government departments, the RA anticipates receiving data that will support moving ahead with soliciting requests for proposals and selection processes. As with the wind study, this project manages the initial environmental impact studies, economic analysis and, after public consultations, issuing an RFP and selecting a developer to pursue the determined upon project.

7.10 Electronic Communications

In the fiscal year 2023-24, the RA will continue to focus on monitoring the electronic communications sector and on enforcing the regulations that have been established. Some of the major work streams will include:

i. **Market Review**

Section 23 of the ECA requires the RA to conclude a further review of each relevant market within a period of not more than four years from the date of its completion of the previous review of the same relevant market in any case in which it is made a finding of significant market power. The last EC Market Review was completed and published

in September 2020. The RA will commence the next Market Review in fiscal 2023-24 with the intention of publishing a final report before September 2024. The Market Review will assist the RA in addressing issues such as the efficiency of SMP remedies currently in place (and potential alternative options that may be relevant to this market) should they still be required, market strengths and weaknesses, retail pricing and making any recommendations deemed appropriate to the Minister.

ii. **Spectrum Policy**

In addition to the effective/efficient use analysis of spectrum licences carried out in 2022-23, the RA intends to consult on best practices for spectrum efficiency. The results of this consultation will be used as the basis for any potential renewals of spectrum licences slated for 2023-24.

Consistent with the recommendations made in the 2022 EC Sectoral Review, the RA also intends to consult on potential recommendations for updates to the Minister's Spectrum Policy 2014. This would include a potential update to the High Demand Spectrum frequencies based on the significant shift in usage over the past 12 months with the advent of 5G.

Building on the Radiofrequency and 5G Safety General Determination of May 2021, the RA intends to create advisory guidelines regarding Pre and Post Commissioning Verification checks for RF installations. These guidelines may also include best practices for antenna placement codified from industry and other RF safety sources. At the same time, the RA intends to work with all EC sectoral providers to update all relevant antenna records.

iii. **Update to Consumer Protection**

Building on the Principles of Consumer Protection General Determination from September 2020, the RA intends to review the efficacy of the principles and whether there are any recommended updates or changes required. Elements that are known to be challenges with the current documentation include Net Neutrality, definition of a Term Contract, email forwarding, compensation for outages and quality of service minimum standards.

iv. **Radiofrequency (RF) Study**

As part of the ongoing monitoring of spectrum in Bermuda, the RA will conduct an in-house RF Study in 2023 to continue monitoring the levels of RF in use in Bermuda. This RF Study will build on the studies carried out in 2021 and 2022 and is intended to

capture the impacts of the new ICOLs' RF systems. The results of this RF report will be made publicly available on the RA's website.

v. **Cybersecurity**

Building on the Bermuda Government planned cybersecurity legislation set to be tabled in the fall of 2022, the RA intends to consult on all aspects of cybersecurity where it interacts or falls in the EC Sector. This may include actions that sectoral providers must take as part of their obligations as well as recommendations for how to mitigate cybersecurity threats at the individual consumer level.

vi. **Annual Market Analysis**

As part of the RA's ongoing efforts to monitor the sector, the RA will conduct the next annual market analysis (covering calendar 2023) and publish market data from the sectoral providers. This analysis will be published in a report format to provide the public with further insight into the sector.

7.11 Submarine Communications Cables

With the addition of the Submarine Communications Cables Act 2020, the RA will continue to manage the permitting and licensing processes for any applications to install new submarine communications cables. This sector has a low volume of regulatory activity and will be financed through application fees.

7.12 Fuel Sector

The RA anticipates that fuels regulation will be added to its regulatory portfolio prior to 2023-24 following the approval of appropriate legislation. Work in this new sector would focus on establishing a regulatory framework for the sector including:

- 1) licensing, including issuance, modification and revocation;
- 2) establishing and implementing fuel pricing methodologies;
- 3) setting competition rules and consumer protection as necessary;
- 4) recommending government fees, duties and regulatory fees;
- 5) establishing administrative determinations and policy documents aligned with legislation, and regulations; and

6) implementing a transition plan to establish the new regulatory regime.

The RA will consult with both sectoral providers and the public throughout this process.

8. PROPOSED BUDGET AND PROJECTED REVENUES

This section sets out the RA's proposed expenditure budget, proposed Regulatory Authority Fees and the projected revenue for the fiscal year 2023-24.

8.1 Proposed Expenditure Budget for 2023-24

Subject to the approval of the Minister of Finance, the RA proposes to adopt a total expenditure budget of \$6,112,976 for the fiscal year 2023-24.

The proposed total Expenditure Budget consists of the planned costs for regulating both the Electronic Communications and Electricity sectors.

As previously mentioned, the RA's Board is composed of five (5) Commissioners. The RA staff consists of twenty-two team members.

The RA has a range of responsibilities including the collection of Government and Regulatory Authority Fees, which include fees from licensing radios, international and local vessels and aircraft, which is vital to the movement of vessels and aircraft traversing through Bermuda's airspace and waters. The RA's responsibilities also include strategic analysis, project delivery, ensuring regulatory compliance and enforcement and attention to matters concerning consumers. The organisation also manages the assignment of radio spectrum to minimise the potential for harmful interference to users of electronic communications services and set new standards to protect the general public.

The RA sets the Retail Tariffs including the Fuel Adjustment and the Feed-in Tariff, approves capital expenditures, licenses sectoral providers and ensures regulatory compliance in the Electricity sector. The RA manages the strategic electricity perspective via the IRP and supports the necessary steps to facilitate the strategic objectives of the IRP.

General expenses are split equally between the Electronic Communications and Electricity sectors. Staff members who work solely in one sector have the totality of their payroll and benefits allocated to that specific sector. With the pending launch of fuel regulation, the RA expects that in due course the general expenses will be split between three sectors and the resulting synergies will reduce the cost on the Electronic Communications and Electricity sectors once the legislation has been brought into force and the new regulatory framework established. The projected expenses for 2023-24 are set out in Table 1 below.

TABLE 1

	Electronic Comm	Electricity	Total 2023-24	Total 2022-23

REVENUE				
RA Fees ¹	3,110,000	3,055,000	6,165,000	6,651,000
Total Revenue	3,110,000	3,055,000	6,165,000	6,651,000
OPERATING EXPENSES				
Employee expenses				
Employee salaries	1,458,000	1,394,000	2,852,000	2,744,000
Employee benefits ²	334,000	334,000	668,000	586,000
Employer payroll tax	23,000	23,000	46,000	281,880
Sub total	1,815,000	1,751,000	3,566,000	3,611,880
Commissioners' expenses				
Honoraria	198,000	198,000	396,000	396,000
Commissioners' payroll tax ³	29,355	29,355	58,710	58,710
Commissioners' training	25,000	25,000	50,000	45,000
Sub total	252,355	252,355	504,710	499,710
Other expenses				
Employee training	111,000	111,000	222,000	197,000
Office Space	199,549	199,549	399,098	388,852
Office Services	132,764	132,764	265,528	333,148
Consulting Services	434,000	495,000	929,000	1,357,000
Operating Costs	106,320	106,320	212,640	191,800
Sub total	983,633	1,044,633	2,028,266	2,467,800
TOTAL OPERATING EXPENSES	3,050,988	3,047,988	6,098,976	6,579,390
Furniture & Fittings	1,500	1,500	3,000	3,000
Office Equipment	1,500	1,500	3,000	3,000
Computers & Software	3,000	3,000	6,000	6,000
Leasehold Improvements	1,000	1,000	2,000	2,000
TOTAL CAPITAL EXPENDITURE	7,000	7,000	14,000	14,000
TOTAL EXPENDITURE	3,057,988	3,054,988	6,112,976	6,593,390

Please refer to Appendix A for a detailed breakdown of the Electronic Communications and Electricity expenditure budgets for the fiscal year 2023-24, including prior year comparison.

¹ This may vary depending on the recovery from the unusual economic circumstances due to the Pandemic.

² The employee benefits consist of the RA contributions for pension, social insurance, health insurance, short-term disability insurance and the performance incentive.

³ The Commissioners' payroll tax consists of both the commissioners' and the RA portions.

8.2 Proposed Fees and Projected Revenue

i. Electronic Communications services sector

The RA has implemented measures to ensure that costs are prudently managed at all times across the various cost centres. As previously mentioned, the **RA recommends that the Electronic Communications Regulatory Authority Fee for ICOLs remain at 1.65%**, which will be applied to the ICOL's Relevant Turnover and that the implemented Electronic Communications Regulatory Authority Fee for SubCOLs **remain at 1%**, which will be applied to the SubCOL's Relevant Turnover. This will generate estimated revenues of approximately \$3,110,000 for the RA, based on the anticipated annual relevant turnover for 2023-24, and considering the GDP growth outlook for FY 2023-24.

The RA also intends to recommend to the Minister of Home Affairs that **there should be no change to Government Authorization Fees, and it remain at 3.5%** to imposed on the Electronic Communications industry under the regulations. Therefore, the projected revenues for 2023-24 are set out in Table 2 below.

TABLE 2

	Regulatory Authority	Government
Electronic Communications	3,110,000	6,600,000
Spectrum Fees	-	3,533,000
Radio Communications Licences	-	127,000
Handset Fees	-	7,900,000
TOTAL	3,110,000	18,160,000

ii. Electricity sector

With regard to 3.3 above, the RA notes the following:

The fees imposed on the TD&R service provider (i) represents the majority of the Electricity Regulatory Authority Fees. The RA's estimated TD&R revenues for the fiscal year 2023-24 based on the estimated total kWh sales during the fiscal year taking into account the GDP growth outlook for the fiscal year 2023-24. The RA notes that the TD&R service provider may recover the fees payable as set out underparagraph (3) of the Schedule to the Electricity (Regulatory Authority Fees) Regulations 2021 by a dedicated charge to the end-user.

The RA intends to recommend to the Minister of Home Affairs that there should be **a reduction in the General Regulatory Fees under paragraph 1 of the Schedule to the**

Electricity (Regulatory Authority Fees) Regulations 2021 for TD&R Service Provider.

With regard to points (ii to vi), the RA notes the following:

The RA's estimated Bulk Electricity revenues for the fiscal year 2023-24 are based on the estimated planned installed power capacity during the fiscal year. The RA intends to recommend to the Minister of Home Affairs that there should be **no change in the General Regulatory Fees under paragraphs 2 to 5 of the schedule to the Electricity (Regulatory Authority Fees) Regulations 2021 as shown in sections ii (ii-vi) above, payable by the Bulk Electricity Generation Providers.**

The RA also intends to recommend to the Minister of Home Affairs that there should be **no change in the current Government fees imposed on the electricity sector** under the Government Fees Act 1965. The projected revenues for 2023-24 are set out below in Table 3.

TABLE 3

	Regulatory Authority	Government
Transmission, Distribution & Retail	2,885,900	106,000
Utility Scale Bulk Electricity Generation	143,300	69,501
Waste-to-Energy Bulk Electricity Generation	16,800	-
Renewable Energy Bulk Electricity Generation	9,000	4,800
TOTAL	3,055,000	180,301

8.3 Description of Budget Categories

iii. Operational Expenses

The following categories consist of recurring costs that the RA is expected to incur each year (although the amount budgeted in any category is likely to vary from year-to-year):

- **Staff:** This category includes the salaries and benefits for the staff
- **Commissioners:** This category includes the honoraria, payroll taxes and training for the RA Commissioners.
- **Office Space:** This category includes the rent, service charge, taxes, utilities, and insurance associated with leasing a 7,762-square foot office on the 1st Floor, Craig Appin House, 8 Wesley Street, Hamilton. Also included are the associated internet,

mobile communications, repairs and maintenance, security and telephone expenses.

- **Office Services:** This category includes bank charges, cleaning, copier maintenance, financial audit, general office supplies, IT service support, kitchen supplies, postage and delivery and stationery expenses.
- **Operating Costs:** This category includes the following sub-categories:
 - **Training:** This sub-category includes the cost of essential training and workshops for the RA Commissioners and members of staff to attend industry specific training to gain insight into global best practices.
 - **Consulting and Support Services:** This sub-category includes the costs associated with the legal, regulatory, and technical support that the RA will require in connection with the activities to be carried out in its 2023-24 Work Plan.
 - **Meetings and Conferences:** This sub-category includes costs that the RA will incur to conduct, attend and/or participate in meetings and conferences to remain informed of global best practices, map out infrastructure needs with industry experts, other regulators and foster new relationships.
 - **Subscriptions:** This sub-category includes the cost of books, periodicals, and subscriptions that RA staff will require to remain abreast of industry events and trends.
 - **Communication and Stakeholder Management:** This sub-category includes publicizing general, consumer related consultations, costs to maintain the RA's website, education and awareness campaigns, marketing and advertising, placement of notices in local publications and media related initiatives in relation to regulatory matters.
 - **Provision for Litigation & Enforcement:** This sub-category makes provision for costs related to adverse proceedings, including litigation, in which the RA is involved. It also provides for costs of enforcement proceedings conducted by the RA.
 - **Finance Costs:** This sub-category includes finance costs in relation to bank lending facilities or active lines of credit.

iv. **Capital Expenditures**

The following categories consist of one-time expenses of \$1,000 or more which are required to enable the RA to facilitate its operations:

- **Furniture and Fittings:** This category includes the capitalized cost of furniture and fittings for the RA's offices.
- **Office Equipment:** This category includes the capitalized cost of office equipment, such as copier and miscellaneous office equipment.
- **Computers and Software:** This category includes the capitalized cost of the internal computer network, computers and software for the RA's offices.
- **Electronic Communications Equipment:** This category includes the capitalized cost of new specialized radio spectrum equipment.
- **Property Plant and Equipment:** This category includes the capitalized cost of property, plant and equipment.

9. SERVICE FEES

Section 44(2) of the RAA provides that the Regulatory Authority Fees recommended by the RA shall be consistent with the RA's budget and shall include Service Fees which shall be payable by a sectoral participant in connection with specific functions performed by the RA. Section 44(3) of the RAA states that the Service Fees recommended by the RA shall be designed to recover from a sectoral participant a reasonable estimate of the cost to the RA of performing the function for which the fee is assessed. The RA recommends the Service Fees, as set out below in Table 4, to the Minister of Finance for the various applications and Service Fees under section 44 of the RAA.

TABLE 4

Electricity	
Administration Fees	Proposed Fee
- Application for Bulk Generation Licence (25MW or above)	\$40,000
- Application for Bulk Generation Licence (less than 25MW)	\$25,000
- Application for TD&R Licence	\$40,000
- Application for Large Self-Supply Licence	\$15,000
- Concentration Review	\$25,000
- Licence Transfer or Assignment	\$2,400
- Bulk Generation Proposal Review ⁴	\$10,000
- Large-Scale Self-Supply Licence	\$15,000
- Bulk Generation Solicitation of Interest ⁵	\$ 10,000

Electronic Communications	
Administration Fees	Proposed Fee
- Application for ICOL	\$85,000
- Application for HDS Spectrum	\$15,000
- Application for Non-HDS Spectrum	\$0
- Application for Licence Exemption	\$320
- Concentration Review	\$25,000
- Licence Transfer or Assignment	\$2,400
Inspection Fees	

- Network interference investigation	\$1,500
- Radio Frequency Hazard Analysis	\$500

⁴This applies to both competitive tenders and unsolicited proposals.

⁵This fee is to assist in recovering the costs associated with operating a procurement process.

APPENDIX A – BUDGET BREAKDOWN BY SECTOR

i. Electronic Communications

To provide a prior year comparison for the Electronic Communications sector, the RA's proposed Electronic Communications expenditure budget for fiscal year 2023-24 is set out below in Table 5.

The RA's proposed Electronic Communications total expenditure budget for fiscal year 2023-24 decreases by \$26,207 (1%) when compared to its approved expenditure budget for the fiscal year 2022-23. Common costs have been allocated evenly between the Electronic Communications and Electricity sectors except for sector-specific designated expenses.

The overall salary expense increased by \$35,060 (2%) compared to the prior budget. The increase was coupled by an increase in employee salaries and staff benefits of \$112,000 (8%) and \$41,000 (14%), respectively. This was primarily due to 3% salary increases for all employees as well as employee promotions, plus the usual increase in health insurance premiums. These increases, were however, offset by a decrease of \$117,940 (84%) in the payroll tax expense since the RA benefits from the New Hire Relief which has been extended by the Government until March 31, 2024.

Additional incremental increases are estimated in staff training, subscriptions and office space related expenses totalling \$25,543.

The above-mentioned increases are compensated by savings highlighted in 1) Office Services that are estimated to reduce by \$33,810 (20%), attributable to the consolidated IT services from one service provider and 2) Provisions for Mediation and Litigation, reduced by \$50,000 (50%), the cost now being shared between the EC and Electricity sectors.

TABLE 5: Electronic Communications Budget Prior Year Comparison

	2023-24	2022-23	Increase/ (Decrease)
REVENUES	3,110,000	3,130,000	(20,000)
OPERATING EXPENSES			
Employee expenses			
Employee salaries	1,458,000	1,346,000	112,000
Employee benefits	334,000	293,000	41,000
Employer payroll tax	23,000	140,940	(117,940)
Sub total	1,815,000	1,779,940	35,060
Commissioners' expenses			
Honoraria	198,000	198,000	-
Commissioners' payroll tax	29,355	29,355	-
Commissioners' training	25,000	22,500	2,500
Sub total	252,355	249,855	2,500
Other expenses			
Employee training	111,000	98,500	12,500
Office Space	199,549	194,426	5,123
Office Services	132,764	166,574	(33,810)
Consulting Services	434,000	432,000	2,000
Operating Costs	106,320	155,900	(49,580)
Sub total	983,633	1,047,400	(63,767)
TOTAL OPERATING EXPENSES	3,050,988	3,077,195	(26,207)
TOTAL CAPITAL EXPENDITURE	7,000	7,000	-
TOTAL EXPENDITURE	3,057,988	3,084,195	(26,207)

ii. Electricity

To provide a prior year comparison for the Electricity Sector, the RA's proposed Electricity Expenditure Budget for fiscal year 2023-24 is set out in Table 6 below. The RA's proposed total Electricity Expenditure Budget for the fiscal year 2023-24 decreased by \$454,208 (13%) when compared to its approved expenditure budget for the fiscal year 2022-23. Common costs have been allocated evenly between the Electronic Communications and Electricity sectors except for sector-specific designated expenses.

The 13% reduction in the budget is largely attributed to the \$430,000 decrease estimated for consulting services which falls in line with the RA's goal to reduce consulting activities and utilize in-house expertise.

Similar to the EC budget, other key cost savings are estimated at \$117,940 for payroll tax due to the New Hire Relief and \$33,810 for Office Services as a result of consolidated IT services from one provider.

The above-mentioned cost savings are reduced by 1) the addition of the Provision for Mediation

and Litigation expense of \$50,000 which was historically only allocated to the EC budget; 2) an increase in employee benefits of \$41,000 due to increased health insurance premiums; 3) a \$12,500 increase in staff training and 4) a \$15,000 increase in the Communications budget.

TABLE 6: Electricity Budget Prior Year Comparison

	2023-24	2022-23	Increase/ (Decrease)
REVENUES			
RA Fees	3,052,000	3,521,000	(469,000)
Total Revenue	3,055,000	3,521,000	(466,000)
OPERATING EXPENSES			
Employee expenses			
Employee salaries	1,394,000	1,398,000	(4,000)
Employee benefits	334,000	293,000	41,000
Employer payroll tax	23,000	140,940	(117,940)
Sub total	1,751,000	1,831,940	(80,940)
Commissioners' expenses			
Honoraria	198,000	198,000	-
Commissioners' payroll tax	29,355	29,355	-
Commissioners' training	25,000	22,500	2,500
Sub total	252,355	249,855	2,500
Other expenses			
Employee training	111,000	98,500	12,500
Office Space	199,549	194,426	5,123
Office Services	132,764	166,574	(33,810)
Consulting Services	495,000	925,000	(430,000)
Operating Costs	106,320	35,900	70,420
Sub total	1,044,633	1,420,400	(375,767)
	3,047,988	3,502,195	(454,207)
TOTAL OPERATING EXPENSES			(454,207)
TOTAL CAPITAL EXPENDITURE	7,000	7,000	-
TOTAL EXPENDITURE	3,054,988	3,509,195	(454,207)

APPENDIX B - REQUEST TO APPROVE THE RA'S BUDGET FOR FISCAL YEAR 2023-24

Pursuant to sections 43(3) and 43(4) of the RAA, the RA proposes to request that the Minister of Finance, after making any modifications to the budget proposed by the RA deemed necessary and proper, issue a decision approving the RA's proposed expenditure budget totalling \$6,112,976 for the fiscal year 2023-24 as set out in

TABLE 1.

APPENDIX C – RECOMMENDATION TO MAKE A REGULATION REGARDING RA FEES

Pursuant to section 44(1) of the RAA, the RA hereby propose to recommend that the Minister of Home Affairs make a regulation ensuring that during fiscal year 2023-24 the RA Fees to be paid by:

- i. ICOL holders remain at 1.650% of Annual Relevant Turnover;
- ii. SubCOL holders remain at 1% of Annual Relevant Turnover;
- iii. the Transmission, Distribution and Retail Service Provider reduced to \$0.00545 per kilowatt-hour sold;
- iv. Utility Scale Electricity Generation providers (greater than 25 Megawatts of installed electricity generation capacity) remain at \$1,000 per Megawatt per annum of installed electricity generation capacity;
- v. Fossil Fuel Bulk Electricity Generation providers (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) remain at \$1,500 per Megawatt per annum of installed electricity generation capacity;
- vi. the Waste-to-Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) remain at \$1,500 per Megawatt per annum of installed electricity generation capacity;
- vii. Renewable Energy Bulk Electricity Generation providers (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) remain at \$1,500 per Megawatt per annum of installed electricity generation capacity; and
- viii. Self-supply Generation License provider (greater than 0.5 Megawatts of installed electricity generation capacity) remain at \$6,500 per Megawatt.

Pursuant to Section 44(1) of the RAA, the RA hereby proposes to recommend that the Minister of Home Affairs make a regulation to establish the recommended Service Fees per section [7.2](#) of this Consultation Document.

APPENDIX D – RECOMMENDATION REGARDING GOVERNMENT AUTHORIZATION FEES

Pursuant to Section 52(2) of the RAA, the RA hereby submits the following recommendations to the Minister of Finance regarding the Government Authorization Fees to be adopted for fiscal year 2023-24 that there be:

1. no change to the Government Authorization Fees related to the Electronic Communications sectors for the 2023-24 year; and
2. no change to the Government Authorization Fees related to the Electricity sector for the 2023-24 year.

Pursuant to Section 44(1) of the RAA, the RA hereby proposes to recommend that the Minister of Home Affairs make a regulation to establish the recommended Service Fees per section [8.2](#) of this Consultation Document.

APPENDIX E – RECOMMENDATION REGARDING REGULATORY AUTHORITY SERVICE FEES

Pursuant to section 44 (3) of the RAA, the RA hereby proposes to recommend that the Minister of Home Affairs make a regulation ensuring that during fiscal year 2023-24 to set the RA Service Fees.

Electricity	
Administration Fees	Proposed Fee
- Application for Bulk Generation Licence (25MW or above)	\$40,000
- Application for Bulk Generation Licence (less than 25MW)	\$25,000
- Application for TD&R Licence	\$40,000
- Application for Large Self-Supply Licence	\$15,000
- Concentration Review	\$25,000
- Licence Transfer or Assignment	\$2,400
- Bulk Generation Proposal Review	\$10,000
- Large-Scale Self-Supply Licence	\$15,000
- Bulk Generation Solicitation of Interest	\$10,000

Electronic Communications	
Administration Fees	Proposed Fee
- Application for ICOL	\$85,000
- Application for HDS Spectrum	\$15,000
- Application for Non-HDS Spectrum	\$0
- Application for Licence Exemption	\$320
- Concentration Review	\$25,000
- Licence Transfer or Assignment	\$2,400
Inspection Fees	
- Network interference investigation	\$1,500
- Radio Frequency Hazard Analysis	\$500

Pursuant to Section 44(1) of the RAA, the RA proposes to recommend that the Minister of Home Affairs make a regulation to establish the recommended Service Fees per section [9](#) of this Consultation Document.