Government of the
Commonwealth of The Bahamas

Securing The Bahamas Energy Future:

The Davis Administration's Historic Approach to Energy Reform

APRIL 2025

Summary

The Davis Administration has embarked on the most ambitious and far-reaching reform of the energy sector in the history of The Bahamas. This reform is guided by the understanding that energy is central to national development and that the longstanding failures in the electricity system have become too costly to ignore. For many years, Bahamian households and businesses have been burdened by high electricity prices, unreliable service, and an ageing infrastructure that could no longer support the country's needs. These conditions affected quality of life, undermined business competitiveness, and weakened national resilience. Upon assuming office, the Government was confronted with an energy system in crisis. BPL was burdened with unsustainable levels of debt, widespread reliance on rented generation, and no coherent plan for modernisation. Rather than applying temporary fixes, the Government chose to act decisively by launching a full system reform that prioritises long-term reliability, affordability, and sustainability.

This transformation includes a complete shift in how electricity is generated, transmitted, and financed across The Bahamas. In New Providence, the Government has advanced the construction of a 177 megawatt liquefied natural gas plant that will replace rental generation and bring significant cost savings. At the same time, the first wave of utility-scale solar projects is now being deployed. These include installations at Blue Hills, Coral Harbour, and CV Bethel, each with battery storage to stabilize the grid. For the first time, solar energy will play a meaningful role in powering the capital. Across the Family Islands, a new generation of hybrid microgrids is being introduced. Through a competitive process, Independent Power Producers have been selected to build and operate these systems. Each installation will combine solar, battery, and cleaner-burning fuel generation to create reliable and efficient local energy networks. These projects also include skills training for Bahamian workers so that the transition builds both local capacity and energy independence.

To support this shift, the Government is executing a major upgrade of the transmission and distribution network. A total of 130 million dollars is being invested to strengthen the grid in New Providence. This effort includes the creation of the Bahamas Grid Company, a partnership that allows the private sector to support the delivery of these upgrades while maintaining public oversight. These improvements will reduce technical losses, limit outages, and ensure that the energy produced through new investments is reliably delivered to homes and businesses. Alongside these physical upgrades, a new electricity pricing structure was introduced in July 2024 to ensure fairness and relief for those most affected by high energy costs. The Equity Rate Adjustment eliminates the base rate for the first 200 kilowatt-hours of residential consumption and lowers the cost of fuel for average households. This structure was designed to help the majority of customers while maintaining the financial stability of the utility.

These reforms are already delivering results. By 2025, the switch to liquefied natural gas is projected to generate 90 million dollars in savings. When all projects are in place, the total annual savings across the system are expected to exceed 130 million dollars. Financial

projections indicate that Bahamas Power and Light could reach cash flow neutrality by 2032. The International Monetary Fund has endorsed the reform as a meaningful contributor to national development. Their analysis shows that these efforts will reduce the current account deficit, lower reliance on imported fuel, and support economic growth. The reforms also position the country to meet its climate goals. Once fully implemented, the new system is expected to reduce carbon emissions from electricity generation by nearly half compared to what would have occurred without these changes.

This transformation is about more than infrastructure. It is about restoring public confidence in the energy system and creating the foundation for a modern economy. Reliable and affordable electricity supports every sector of Bahamian life. It powers the homes where children study, the clinics that deliver care, and the hotels and factories that drive growth. By investing in this transformation, the Government is building a stronger and more resilient nation. This work reflects a belief that Bahamians deserve better. It reflects a commitment to make responsible decisions today that will benefit generations to come. The reforms are ongoing, and there is more work ahead, but the direction is set. The foundation has been laid. The country is now on a clear path toward a more secure and sustainable energy future.

Forward

When my administration came to office in 2021, we were immediately confronted with the scale of a crisis in our country's energy sector. For too long, Bahamians had borne the burden of unreliable service, unreasonably high electricity bills, and a power system that was held together by temporary fixes and short-term thinking. We understood that if we were serious about delivering real progress for the Bahamian people—about creating jobs, supporting businesses, growing the economy, and protecting our environment—then we had to start by securing the very foundation on which all of that depends: energy.

We did not seek to manage decline or tinker at the edges. We chose, instead, to launch the most comprehensive and transformative energy reform in the history of The Bahamas. We made this choice knowing it would be difficult, knowing it would take time, and knowing that the task of building a modern, affordable, reliable, and resilient energy system would demand focus, discipline, and courage.

This document, *Securing The Bahamas' Energy Future*, is a record of that choice—and a roadmap of the journey we are taking together. It lays out clearly where we started, the obstacles we inherited, and the urgent interventions we made to stabilize a collapsing system. It details the reforms we have introduced—from fuel diversification and grid modernization to institutional reform and the launch of utility-scale renewable energy. And it shares our vision for where we are going: toward a Bahamas where energy is no longer a daily frustration, but a national asset; where light bills no longer break household budgets, but reflect the true value of efficient service and cleaner technology; and where young Bahamians are trained, employed, and leading in a new era of energy innovation.

We have already begun to see the benefits of this reform. New solar installations are coming online. LNG conversion is underway. Microgrids are reaching our Family Islands. Smart meters are giving consumers more control. And international partners are investing in a system that now operates with credibility, transparency, and purpose.

But we are not finished. The work continues, because our country's future depends on it. From climate resilience to economic competitiveness, from digital transformation to inclusive growth—energy is the common thread. That is why we have made this reform a national priority, and that is why we will stay the course.

I am proud of the leadership shown by the Minister of Energy and Transport and her team, and I am grateful for the partnership of all those—inside and outside of government—who

have helped bring us to this point. But most of all, I am proud of the Bahamian people, who have demanded better, who have supported this reform, and who deserve nothing less than a modern energy system worthy of their aspirations.

This is our moment to build what should have been built long ago. Let us continue, together, with the resolve and unity required to power a stronger, more secure Bahamas for generations to come.

The Hon. Philip Edward Davis, KC, MP
Prime Minister
Commonwealth of The Bahamas

When I was appointed Minister of Energy and Transport, I knew the task before us would be one of the most challenging and consequential of our time in office. Energy was not simply a technical portfolio. It was central to the country's economic future, environmental security, and social equity. It touched every household and every business. But the system I inherited was deeply broken—financially distressed, structurally outdated, and operationally unsustainable. I also knew, however, that the time for half-measures had passed. We needed bold, strategic, and lasting reform.

This document reflects the journey we have undertaken as a Government—and the leadership role I have had the honour of fulfilling—as we set out to transform our energy sector. What you will find in these pages is not a list of projects or a summary of spending. It is a comprehensive, people-first strategy to stabilize, modernize, and reimagine how energy works for The Bahamas. As Minister, I have made it my mission to deliver more than electricity. I have fought to deliver transparency, affordability, and opportunity.

Under my leadership, we have launched the most ambitious energy reform agenda in the nation's history. We have stabilized Bahamas Power and Light at a time of crisis. We are charting a path toward a clean, reliable, and diversified energy mix. We are investing in LNG and utility-scale solar, deploying microgrids across our Family Islands, modernizing the national grid, and rolling out digital metering to bring greater control to consumers.

But beyond the infrastructure, we have reformed the institutions that govern energy. We have implemented competitive procurement, created a strong public-private partnership framework, and embedded transparency into the way decisions are made. We have insisted on performance. We have demanded accountability.

For me, this work has never been about politics. It has always been about progress—for the people of The Bahamas. As a young woman in Cabinet, entrusted with a portfolio critical to the country's future, I have carried this responsibility with seriousness and resolve. I have listened to communities, pushed institutions to do better, and worked across government to deliver results. It has not always been easy. But it has been necessary. And it has been worth it.

We are still on the journey. But the foundation is now secure. The reforms are in motion. The benefits are beginning to reach homes, schools, and small businesses. And the vision we set out to achieve is becoming real.

This publication marks a milestone. It captures where we started, what we have delivered, and where we are going next. As Minister, I am proud of what we have achieved together. But I am even more focused on what comes next: ensuring that this transformation lasts—and that it serves every Bahamian, everywhere, for generations to come.

Hon. JoBeth Coleby-Davis
Minister of Energy and Transport
Commonwealth of The Bahamas

Context: A System in Crisis

In 2021, The Bahamas faced a critical inflection point in its electricity sector. Years of underinvestment, fragmented governance, and an overreliance on fossil fuels had produced an energy system that was costly, unreliable, and structurally unsustainable. Bahamas Power and Light (BPL), the national utility, was financially distressed and operationally constrained. With generation assets well past their useful life and no long-term investment plan in place, the country lacked the infrastructure and institutional readiness to meet growing demand or deliver stable, affordable electricity.

The core challenges fell into four categories: **generation capacity, transmission and distribution, fuel dependency, and financial solvency**. In New Providence, nearly half of electricity supply was being met through high-cost rental generation. More than 60 percent of the permanent generation fleet was outdated. In the Family Islands, over 80 percent of units required full replacement. Load growth, particularly during peak periods, frequently exceeded system capability, resulting in rolling blackouts and customer complaints. BPL's assets was fragmented, expensive to maintain, and exposed to mechanical failure.

Transmission and distribution infrastructure. Much of it was over 50 years old, had not kept pace with modern standards or system demands. New Providence's grid lacked redundancy, making it vulnerable to outages caused by single-point failures. Voltage fluctuations, extended restoration times, and capacity bottlenecks were routine. In the Family Islands, isolated systems meant limited backup and no ability to share load or resources during periods of disruption.

Fuel dependency further amplified the system's vulnerability. The country's generation portfolio relied almost entirely on imported diesel and heavy fuel oil, tying energy costs directly to volatile global markets. This exposed consumers and businesses to price shocks, with limited mitigation tools. Despite solar potential and international momentum toward renewables, The Bahamas had no utility-scale clean energy projects deployed at the time. There was no integrated fuel strategy, and procurement practices lacked transparency and long-term efficiency.

The Financial Solvency of BPL reflected these operational challenges. BPL carried more than $500 million in debt obligations, including government backstops and commercial loans. Interest costs were significant, and repayment schedules to The Government had fallen into arrears. In addition to these liabilities, the utility faced more than $100 million in unfunded pension obligations, further straining its balance sheet and long-term solvency. BPL was unable to self-finance capital investments or meet basic liquidity thresholds. Revenue shortfalls were exacerbated by technical and commercial losses, weak collections, and tariff structures that lacked cost-reflectivity. Without intervention, the risk of further financial deterioration was imminent.

Prior to the establishment of the Ministry of Energy and Transport, no single ministry had clear responsibility for long-term energy policy, capital planning, or regulatory oversight. Strategic decisions were reactive rather than data-driven. Regulatory agencies lacked the

capacity to enforce standards or drive efficiency gains. Coordination between BPL and key stakeholders was inconsistent, and project implementation suffered from delays, cost overruns, and misaligned incentives.

Taken together, these issues presented a system-wide crisis. The energy sector's deficiencies were not isolated technical problems but structural barriers to national development. Electricity prices were among the highest in the region. Reliability challenges undermined economic competitiveness. Public confidence in the utility had eroded. The sector had become a drag on growth, a source of fiscal exposure, and a threat to resilience in the face of climate and economic shocks.

This context shaped the decision by the Davis Administration to pursue comprehensive reform. Incremental change was no longer sufficient. A full transformation of the electricity system—across generation, grid infrastructure, financing, governance, and market structure—was required to stabilize the system, unlock efficiencies, and position the country for long-term growth. The path forward would require coordinated investment, disciplined execution, and new partnerships between the public and private sectors.

The challenge we inherited:

At the time the Davis Administration assumed office in September 2021, the Bahamian electricity sector was in a state of profound structural decline. The national utility, Bahamas Power and Light (BPL), was financially insolvent, operationally fragile, and institutionally misaligned. Service reliability had deteriorated across the country, with New Providence experiencing rolling blackouts and the Family Islands facing persistent power instability. Years of deferred capital investment, a lack of coordinated planning, weak institutional oversight, and an overwhelming dependence on imported fossil fuels had produced a utility system that could no longer support the energy demands of a growing, modernizing economy.

The Davis Administration inherited not only a technical and financial problem, but a national development crisis. Electricity lies at the foundation of all productive activity. Without a stable, affordable, and efficient energy system, no country can sustain economic growth, protect household incomes, or attract meaningful long-term investment. The failure to address the sector's decline risked undermining macroeconomic stability, eroding public trust, and increasing the burden on the national budget through subsidies and emergency spending. It is within this context that the Government made a clear determination: to transition from a reactive, crisis-driven model to a proactive, reform-led strategy to rescue, stabilize, and transform the Bahamian energy landscape.

1. Legacy Infrastructure and Operational Breakdown

One of the most visible and immediate challenges inherited by the Davis Administration was the deteriorated condition of BPL's generation, and transmission & distribution infrastructure. Across the country, core electricity assets were decades past their intended service life. In New Providence, which accounts for more than 70 percent of national demand, 60 percent of the generation fleet was classified as obsolete. Several units had exceeded 30 years of operation with minimal modernization. Maintenance was irregular, and reliability standards had fallen far below industry norms.

In the Family Islands, the situation was even more acute. Over 80 percent of generation assets were categorized as critically aged. Power stations operated with small, mismatched engines sourced from multiple manufacturers, many without readily available spare parts. The absence of standardization significantly increased operating costs and made it difficult to deploy centralized maintenance strategies. In many islands, power generation was running continuously without redundancy or backup, meaning that even minor faults could take entire communities offline for extended periods.

Transmission and distribution (T&D) infrastructure, especially in New Providence, had not undergone systematic upgrades since the 1970s. Substations were outdated and vulnerable to overloading and mechanical failure. Key segments of the grid lacked protection devices and switching stations, making it difficult to isolate faults and restore power quickly. Improper load balancing resulted in voltage fluctuations that damaged appliances and sensitive equipment. The configuration of the grid did not allow for effective rerouting of

power in the event of faults. In the Family Islands, most T&D systems were isolated, lacked integration, and were constructed without storm-resilient standards—leaving them highly vulnerable to hurricanes and other natural disasters.

Technical losses across the grid were consistently high. These losses—caused by aged infrastructure, resulted in annual losses. Compounding the challenge were frequent faults in underground cabling, exposure of critical assets to saltwater environments, and a lack of real-time monitoring systems to anticipate or mitigate failures.

2. Dependency on High-Cost Imported Fuels

Another defining feature of the crisis was the sector's complete reliance on imported petroleum products for power generation. BPL was almost entirely dependent on diesel and heavy fuel oil (HFO), sourced from volatile global markets. This left the national energy system vulnerable to fuel price fluctuations, supply chain disruptions, and geopolitical instability. For Bahamian consumers, this translated into high and unpredictable fuel surcharges on their monthly electricity bills. For the government, it created fiscal exposure through the need to subsidize electricity costs during spikes in international oil prices.

There was no diversification strategy in place. The country had not invested meaningfully in renewable energy. No utility-scale solar, or liquefied natural gas (LNG) facilities had been deployed. There was no integrated national energy plan or fuel mix roadmap, and procurement strategies remained fragmented and reactive. In addition, BPL had no long-term fuel contracts in place, meaning that fuel was being purchased on spot markets at premium prices.

Fuel logistics for the Family Islands added another layer of complexity. Diesel is shipped via barges to smaller islands, stored in aging tanks, and distributed using manual pumping systems. These operations are vulnerable to both technical failures and environmental risks. Fuel theft and leakage are concerns, and the cost of transportation is further inflated by the price of power in outlying communities. These realities make the case for distributed renewable systems all the more compelling, yet no comprehensive plan had been developed or implemented to pursue them.

3. Financial Distress and Institutional Insolvency

The financial position of BPL as of 2021 was unsustainable. The utility carried more than $500 million in debt obligations, including government-guaranteed loans, commercial bank liabilities, and accrued arrears to fuel suppliers. Annual interest payments were substantial, and principal repayments on government loans had not been met since mid-2022. Compounding this burden was the presence of over $100 million in unfunded pension liabilities owed to current and retired staff—obligations that had no viable funding source and presented significant long-term fiscal risks.

BPL lacked the financial flexibility to undertake even essential capital improvements. Operating margins were narrow, and in some years negative, with revenues frequently insufficient to cover basic fuel costs, staff salaries, and emergency repairs. Capital budgeting

was limited to donor support or emergency government injections. Private investment was constrained by the company's weak balance sheet and the absence of a credible long-term business plan. The utility had no investment-grade rating and faced higher borrowing costs compared to peer utilities in the region.

Revenue recovery mechanisms were also impaired. The tariff structure was not cost-reflective, and the fuel charge mechanism lacked transparency and predictability. Technical and commercial losses—including unbilled electricity, theft, and under-reported usage—further reduced revenue. In some instances, collection periods exceeded 120 days, particularly among government agencies. BPL lacked effective enforcement mechanisms to recover arrears or impose disconnection. Attempts to restructure tariffs in the past had failed due to poor stakeholder engagement and the absence of a parallel affordability strategy.

This financial distress was not limited to BPL alone. It created contingent liabilities for the Government of The Bahamas and contributed to the crowding out of public investment in other sectors. Every missed payment or emergency bailout further undermined investor confidence and credit worthiness. By 2021, the energy sector had become a source of macro-fiscal risk to the entire country.

4. Weak Institutional Governance and Fragmented Oversight

The governance of the energy sector was characterized by fragmentation and a lack of clear leadership. Prior to the establishment of the Ministry of Energy and Transport, energy policy was split across multiple ministries and public agencies with overlapping mandates. No single entity was responsible for end-to-end sector planning, project delivery, or performance monitoring. This lack of institutional clarity made long-term reform difficult to coordinate and increased the risk of project delays, budget overruns, and procurement inefficiencies.

The regulatory framework was outdated and lacked the tools to address emerging challenges in pricing, market entry, and technological innovation. While the Utilities Regulation and Competition Authority (URCA) had a formal mandate under the Electricity Act, its capacity to monitor service quality, enforce investment commitments, or promote competition remained limited. Regulatory processes were often delayed, and the public had minimal visibility into how decisions were made. Sector planning documents, such as Integrated Resource Plans, had not been regularly updated or used to guide investment decisions.

Within BPL itself, governance systems were weak. The utility lacked a modern enterprise resource planning system, did not publish audited financials on a regular basis, and operated without a forward-looking capital plan. Staff turnover was high, and institutional knowledge was eroding. Internal controls were underdeveloped, and procurement processes were often paper-based and vulnerable to delays. Project execution timelines consistently fell behind schedule, and change management capacity was limited.

The absence of public engagement and communication further compounded the trust deficit. Consumers were often unaware of the reasons behind fuel surcharges, power

outages, or rate increases. Civil society, business chambers, and local government authorities were not systematically included in sector consultations or policy reviews. This lack of transparency weakened public support and made reforms harder to implement, even when they were technically sound.

5. Impact on Households, Businesses, and the Broader Economy

The consequences of this inherited crisis extended far beyond BPL's financials. For households, high and unpredictable electricity bills were a major contributor to the cost of living. Low-income families were often forced to make trade-offs between utility payments and other essential expenses. For small and medium-sized businesses, unreliable power supply meant higher costs, lost productivity, and in many cases, a dependence on costly diesel backup systems.

In the tourism sector—the country's largest economic driver—electricity costs were among the highest in the region, affecting hotel margins and destination competitiveness. Manufacturing and agro-processing sectors struggled with inconsistent supply and rising input costs. Investor confidence in the energy sector was low, and several prospective projects had been delayed or abandoned due to concerns about electricity reliability and grid access.

At a macroeconomic level, the energy sector had become a drag on growth, a barrier to diversification, and a driver of fiscal exposure. The absence of a modern, resilient, and affordable power system constrained innovation, limited digital infrastructure, and discouraged value-added investments in data centers, food processing, and sustainable tourism.

The Davis Administration inherited a power sector that was not simply underperforming—it was in systemic decline. The electricity system had become a major source of public frustration, a growing fiscal liability, and a structural barrier to development. The challenges were deep-rooted and complex, touching every part of the energy value chain. Yet they were not insurmountable.

The scale of the problem demanded a response that was equally comprehensive. Isolated fixes or ad hoc investments would no longer suffice. What was required was a national energy transformation—one that addressed generation, grid infrastructure, financial viability, governance, and market structure together. The challenge was great. But the opportunity to reset the country's energy future and anchor long-term economic transformation was greater still. The reforms that followed were not just necessary—they were urgent.

The Rescue: Stabilizing a Collapsing System

By late 2021, it was evident that the Bahamian electricity sector was teetering on the edge of collapse. BPL was insolvent, the generation system was failing, and the grid infrastructure was increasingly unreliable. The cumulative effect of these conditions posed not only a technical and financial risk but also a threat to national stability and economic continuity. Recognizing the severity of the situation, the Davis Administration initiated a stabilization

programme designed to prevent system failure, restore operational continuity, and establish a platform for future reform. These interventions were not isolated policy moves but a coordinated set of actions focused on regaining control of a sector in freefall.

The first imperative was to ensure the uninterrupted supply of electricity to the country, particularly in New Providence where demand is highest and where BPL was most exposed to risk. At the time, nearly 50 percent of the capital's energy demand was being met through high-cost rental generation. These rental agreements were short-term, and vulnerable to non-renewal, which posed a risk of widespread outages. The Government moved quickly to renegotiate rental contracts on more stable and longer-term conditions, which included provisions for guaranteed availability, reduced penalty structures for downtime, and improved operational oversight. Additionally, the Government authorized the extension of rental fleet capacity to create a buffer against peak load failures.

Emergency procurement measures were enacted to stabilize fuel supply chains and ensure uninterrupted delivery to power stations across the country. BPL had been operating without a long-term fuel strategy and was exposed to spot market volatility, delayed shipments, and inconsistent quality.

To reduce cost volatility and improve system performance, the Government launched a technical review of fuel switching and renewable energy integration opportunities. Recognizing the unsustainable nature of relying solely on diesel and heavy fuel oil, expert consultants were retained to evaluate the feasibility of introducing liquefied natural gas (LNG) as a transitional fuel for the national grid. These assessments considered capital costs, logistics, fuel sourcing, and regulatory requirements. Early findings indicated that LNG could reduce the average cost of generation by up to 30 percent compared to diesel and offer a more stable pricing environment.

In parallel, assessments were undertaken on solar and battery storage deployment across New Providence and the Family Islands. These studies informed early-stage project identification for utility-scale solar, microgrids, and hybrid generation systems. In addition to assessing site feasibility, the studies quantified potential cost savings, grid integration needs, and resilience benefits. The objective was to rapidly shift the fuel mix toward more stable, cost-effective, and lower-emission sources while preserving generation reliability. The outcomes of these technical studies fed directly into the Government's medium-term infrastructure roadmap and laid the foundation for investor engagement.

One of the early lessons of the crisis was that fragmented governance contributed significantly to sector-wide inefficiencies. The Davis Administration prioritized the consolidation of policy, planning, and project oversight under a newly established Ministry of Energy and Transport. This institutional realignment brought clarity of mandate, improved coordination across agencies, and ensured that decisions were guided by a whole-of-government approach.

The Ministry immediately began coordinating with the Utilities Regulation and Competition Authority (URCA), the Board of BPL, and major project stakeholders to streamline regulatory approvals, align investment strategies, and clarify accountability for project delivery.

Governance reviews were also initiated within BPL itself, focusing on procurement practices, financial reporting, and internal controls. Key positions in operations and finance were strengthened, and capacity-building programmes for senior management were introduced to ensure the utility was better positioned to support reform delivery. These included specialized training on energy planning, project finance, and regulatory compliance.

The Government understood that stabilization efforts would not succeed without broad-based trust and public buy-in. A new strategic communications approach was developed to inform consumers, investors, and international partners of the Government's actions, goals, and expected outcomes. This included consistent public briefings, transparency around rate adjustments, and stakeholder consultations with business chambers, local governments, and civil society.

International engagement was also prioritized. The Prime Minister, Minister of Finance, and Minister of Energy and Transport met with development banks, credit agencies, and climate finance entities to outline the energy stabilization strategy. These meetings were designed to restore confidence in The Bahamas' institutional readiness to manage sector risk and to demonstrate a credible commitment to long-term reform. The Government also began preparations to re-enter international capital markets and climate financing pipelines, using the stabilization phase as a signal of fiscal discipline and reform momentum.

As part of the rescue package, the Government also took action to stabilize and modernize the transmission and distribution network through the strategic partnership of Bahamas Power and Light (BPL)and Bahamas Grid Company (BGC). BGC will lead upgrades with an initial $130 million investment in foundational grid infrastructure modernization in New Providence. BGC operates on a ring-fenced revenue model, supported by a fixed per-kilowatt-hour system fee and dedicated revenue streams for both BPL debt repayment and hurricane resilience reserves.

BGC signalled a strategic shift toward public-private partnerships (PPPs) in energy sector investment and management. It established a replicable model that could be used for grid development, generation expansion, and renewable integration across the archipelago. Early engagement with domestic and international investors yielded strong expressions of interest, including formal letters from infrastructure funds and sovereign-backed climate finance entities.

A high-level Integrated Resource Plan (IRP) has highlighted the potential benefits of transitioning to a more resilient and cost-effective energy system. While the full Integrated Resource and Resilience Plan (IRRP) is still being finalized, the Davis Administration has already taken decisive steps toward aligning with global industry standards—particularly in the adoption of distributed energy resources (DERs). These resources include solar, battery energy storage systems, microgrids and hybrid microgrids.

To that end, the Ministry of Energy and Transport was tasked with leading a comprehensive systems audit of Bahamas Power & Light (BPL) and the broader energy ecosystem. The findings from that audit are guiding the development of the IRRP, which will outline

investment priorities, fuel mix targets, system efficiency benchmarks, and regulatory reforms over the next decade.

The rescue phase of the Davis Administration's energy reform programme was critical to averting collapse and re-establishing control over a sector in crisis. Through immediate supply stabilization, financial intervention, institutional reform, and foundational planning, the Government created the conditions for recovery and transformation. These efforts laid the groundwork for long-term change and positioned The Bahamas to move beyond emergency response and toward a modern, resilient, and inclusive energy future.

The Strategy: A Whole-System Reform Approach

Stabilizing the energy sector in The Bahamas was only the first step. The Davis Administration recognized early on that emergency measures alone would not resolve the underlying structural weaknesses that had taken root over decades. A long-term strategy was required—one capable of addressing the full scope of operational, financial, regulatory, and environmental challenges. This strategy had to be credible, comprehensive, and future-focused, not only to restore confidence but to deliver lasting, transformational change. The Administration therefore committed to a whole-system reform approach: a coordinated restructuring of how electricity is generated, transmitted, governed, priced, and financed across the entire archipelago.

1. From Stabilization to Structural Transformation

The shift from emergency response to full system reform required moving beyond short-term solutions. This meant not just keeping the lights on, but fundamentally changing the way power is produced and delivered. The strategy integrates generation planning, fuel diversification, renewable energy deployment, grid modernization, institutional reform, and tariff restructuring. At its core is a recognition that energy reform is not simply about technical fixes but is central to national development and economic competitiveness.

The Davis Administration tasked the Ministry of Energy and Transport with leading a full systems audit of BPL and the broader energy ecosystem.

2. Redesigning the Generation Portfolio

The Administration's strategy begins with a complete redesign of the country's generation mix. As of 2021, over 90 percent of national power generation was based on imported diesel and heavy fuel oil. This made the system expensive, volatile, and environmentally unsustainable. The strategy introduced a diversified generation framework anchored by three pillars: conversion to liquefied natural gas (LNG), the integration of utility-scale and distributed solar power, and the deployment of grid-connected battery energy storage systems.

The introduction of LNG represents the single largest change to The Bahamas' fuel infrastructure in decades. LNG was selected due to its lower emissions profile, lower cost volatility, and suitability for large-scale generation in New Providence. The LNG strategy includes new combined-cycle power plants, a phased retirement of rental assets, and a national fuel import and handling framework. At the same time, the Government has pursued partnerships to scale solar deployment across public buildings, Family Island grids, and new residential and commercial developments. Every solar project is paired with battery storage to ensure reliability and grid stability.

3. Modernizing the Grid

Grid modernization is essential to unlocking the full value of new generation assets. Without a modern grid, solar and LNG cannot be reliably integrated. The Government is

implementing a national grid upgrade plan led by the Bahamas Grid Company (BGC), covering transmission and distribution enhancements, and grid automation. The plan includes new switching stations, looped substations, rebalanced feeders, and upgraded protection systems to improve outage recovery, reduce technical losses, and enable the use of variable energy sources.

New Providence focus area includes, an initial $130 million investment in foundational grid infrastructure underway. In the Family Islands, localized microgrids are being upgraded to incorporate renewable generation, storage, and digital controls. These microgrids are designed with built-in redundancy to improve storm resilience and ensure consistent service during peak demand or isolated events.

4. A New Model for Utility Governance

One of the foundational changes of the reform strategy is the restructuring of utility governance. BPL had long operated with outdated systems, weak internal controls, and limited planning capacity. The Davis Administration introduced new governance protocols tied to performance metrics, regulatory compliance, and financial discipline. The Ministry of Energy and Transport assumed formal oversight of sector strategy, and BPL's board was strengthened with new appointments and technical advisors.

To support better management, digital systems for financial tracking, procurement, customer service, and project delivery have been introduced. BPL has adopted integrated resource planning software and is rolling out enterprise resource management tools. New operational benchmarks were introduced, covering asset uptime, fuel efficiency, customer response times, and planned outage coordination.

5. Tariff and Financial Reform

No reform strategy could be complete without addressing the financial sustainability of the energy system. For decades, electricity tariffs in The Bahamas were politically managed, poorly structured, and lacked alignment with actual system costs. The new strategy introduces a cost-reflective tariff framework that balances affordability with the need to finance operations, maintenance, and future investments.

The Equity Rate Adjustment (ERA), implemented in 2024, was the first phase of this reform. It reduced bills for low- and middle-income households, adjusted commercial rates to reflect actual consumption patterns, and introduced a more transparent fuel surcharge mechanism. The tariff design includes progressive structures, efficiency incentives, and protection for vulnerable customers. As system efficiency improves and renewable penetration increases, long-term downward pressure on rates is expected.

6. Regulatory Strengthening and Institutional Realignment

The reform strategy places strong emphasis on regulatory capacity and institutional alignment. URCA, the sector regulator, is being equipped with expanded enforcement tools, new technical staff, and streamlined licensing procedures. The Electricity Act, LNG Act and

related legislation are being updated to clarify market rules, strengthen oversight, and encourage competitive entry in renewables.

A central part of the strategy is improved data collection and market analysis. The Ministry of Energy and Transport is building an integrated data platform to track generation, consumption, emissions, and customer feedback. This data informs policy decisions, supports transparency, and ensures better responsiveness to system needs. Coordination between URCA, BPL, IPPs, and the Ministry has been formalized through quarterly energy sector briefings and performance dashboards.

The Davis Administration's whole-system reform strategy represents a decisive break from the past. It is not a patchwork of individual projects, but a coherent, integrated plan to build a modern, resilient, and financially sustainable energy system. It addresses legacy problems while anticipating future demands. It strengthens institutions, empowers regulators, aligns pricing with reality, and creates space for innovation and investment.

This approach is essential not only to ensure reliable and affordable power but to unlock the broader economic transformation of The Bahamas. With this strategy, energy becomes an enabler of national growth, rather than a constraint.

7. The Bahamas' National Energy Policy 2025-2030

The National Energy Policy 2025–2030 was developed in line with Section 5(1) of the Electricity Act, 2024. This section legally requires that the national energy policy be reviewed and updated periodically. The amendment process began nearly a year ago and it was a collaborative effort between the Ministry of Energy and Transport and the Utilities Regulation and Competition Authority (URCA). Regional National Energy policies were benchmarked from countries that are also Small Island Developing States (SIDS) and other archipelagoes. The updated policy reflects The Bahamas' evolving energy priorities and includes goals for sustainability, resilience, energy security, and affordability.

The Bahamas National Energy Policy 2025-2030 outlines a clear focus on the need for sustainable development and resilient energy infrastructure, effective planning, regulation, and investments; which are all necessary components for energy sector reform. Energy sector reform has been identified as a national priority under the National Development Plan. It supports the plan's broader goals of resilience, innovation, and inclusive growth. Reforming the energy sector is not just a technical issue— it is about improving lives, making energy more affordable, reliable, and sustainable for families and communities; It is a development imperative.

Making History: First-of-its-Kind Reforms

Following the urgent stabilization efforts and the launch of a comprehensive system-wide strategy, the Davis Administration's reforms have entered a phase that marks a historic turning point for the Bahamian energy sector. The early chapters of this reform journey focused on avoiding systemic collapse and establishing the foundational strategy for resilience, cost efficiency, and sustainability. This chapter builds on that groundwork by setting out why the current reform package is without precedent—both in ambition and in execution.

The reforms underway are not extensions of previous initiatives or incremental upgrades. They represent a deliberate and coordinated pivot away from decades of reactive maintenance, underinvestment, and isolated fixes. The country is moving from dependency and vulnerability to self-direction and systems thinking. In doing so, The Bahamas is pioneering a model of small-island energy transition that integrates financial reform, infrastructure modernization, regulatory strengthening, and clean energy development at national scale.

1. A Break from the Past: Unified National Energy Transition Strategy

Historically, energy decisions in The Bahamas were fragmented across agencies, constrained by crisis response, and shaped by short-term imperatives. For the first time, the Government has established a coherent national plan to guide energy reform over a 10-year horizon. The Bahamas stands apart globally in its commitment to energy equity—providing the same level of reliability and access to its most remote and vulnerable communities as it does to its city centers. This has given the country unparalleled experience in managing energy systems that range in scale from 150kW microgrids on small islands to 350MW generation assets on the main grid.

This national expertise is guiding our transition toward global best practices, including the strategic integration of distributed energy resources (DERs) such as solar, battery storage, and LNG. These will enhance system resilience, reduce costs, and align with international climate commitments.

2. Unprecedented Scale and Scope of Renewable Deployment

While renewable energy had long been part of policy rhetoric, this is the first time it is being delivered at a meaningful scale. The current reform program includes the addition of 120 MW of utility-scale solar paired with over 70 MWh of storage capacity. These assets are not confined to a single pilot project or donor-funded initiative. Instead, they are being deployed as part of an integrated national architecture.

The Family Island Microgrid Program is particularly emblematic of this shift. For the first time, energy infrastructure in remote communities is being planned and delivered with parity to the capital. Microgrids combining solar PV, batteries, and high-efficiency backup generation are replacing diesel-only systems. This is a historic rebalancing of energy equity and system resilience across the archipelago.

Building out microgrids in The Bahamas' Family Islands presents a unique set of challenges that go beyond simply adding solar panels and batteries. Each island is its own ecosystem, shaped by geography, population growth, existing infrastructure, and local energy demand. The integration of solar energy with traditional grid systems requires a careful dance between two types of technologies: grid-forming systems, which set the rhythm and stabilise the grid, and grid-following systems, which adjust and sync with the generation. Striking the right balance is critical. Too much solar without strong grid support can lead to instability; too little, and we miss out on cost savings and environmental benefits. On every island, we have to design a bespoke solution—like tailoring a suit—because what works in Abaco may not work in Cat Island or Crooked Island. It's a delicate and technical choreography to ensure reliability, resilience, and long-term sustainability. Recognising these complexities, our technical teams are systematically developing customised microgrid solutions for each island, ensuring that every community, no matter how remote, is fully considered and supported in the national energy transition.

The following projects have already met the 30% design and are presently under a Power Purchase Agreement**:**

- **Energy Bahamas Holdings Ltd: New Providence**

The project comprises a combined total of 177 MegaWatt liquefied natural gas (LNG) generators located at Clifton Pier Power Station and Baillou Hills Power Station in New Providence. These brand new energy efficient generators will provide stability of the grid during peak periods and will offer more reliability with less fuel dependency whilst reducing carbon emissions.

- **New Providence at Blue Hills Power Station: Madeleine Solar**

The project is a grid-tied solar photovoltaic (PV) system located adjacent to Blue Hills Power station and is designed to provide renewable energy, enhancing grid stability and sustainability to the New Providence grid.

Solar Facility: A 20 MegaWatt solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

- **New Providence at Coral Harbour: Eco Energy Bahamas Ltd.**

The project is a grid-tied solar photovoltaic (PV) system and a battery energy storage system located near Coral Harbour and is designed to provide renewable energy, enhancing grid stability and sustainability to the New Providence grid.

Solar Facility: A 20 MegaWatt solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

BESS Facility: A 5 MegaWatt hour battery energy storage system (BESS), which enhances grid stability, supports peak shaving, and provides backup power.

- **New Providence at CV Bethel: CVB Utility Co. Ltd.**

The project is a grid-tied solar photovoltaic (PV) system and a battery energy storage system located near C.V. Bethel school. It is designed to provide renewable energy, enhancing grid stability and sustainability to the New Providence grid.

Solar Facility: A 20 MegaWatt solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

BESS Facility: A 5 MegaWatt hour battery energy storage system (BESS), which enhances grid stability, supports peak shaving, and provides backup power.

The new Solar, Battery Energy Storage and LNG projects that have been signed on the Family Islands are explained as follows**:**

- **Abaco and Abaco Cays: EA Energy Co. Ltd.**

The Project is a hybrid power generation facility located in Great Abaco, designed to provide reliable electric energy and ancillary services to the island's grid. It comprises:

LNG Facility: A 29.92 MegaWatt (MW) liquefied natural gas (LNG) power plant consisting of multiple gas engine generator sets, fuelled exclusively by LNG delivered in International Standards Organisation (ISO) approved containers.

Solar Facility: A 13.05 MegaWatts solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

BESS Facility: A 15 MegaWatt hours of battery energy storage system (BESS), which enhances grid stability, supports peak shaving, and provides backup power.

- **Great Eleuthera: EA Energy Co. Ltd.**

The Project is a hybrid power generation facility located in Hatchet Bay, Eleuthera, designed to provide reliable electric energy and ancillary services to the island's grid. It comprises:

LNG Facility: A 19.97 MegaWatt liquefied natural gas (LNG) power plant consisting of multiple gas engine generator sets, fueled exclusively by LNG delivered in International Standards for Organization (ISO) approved containers.

Solar Facility: A 8.7 MegaWatt solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

BESS Facility: A 10 MegaWatt hour battery energy storage system (BESS), which enhances grid stability, supports peak shaving, and provides backup power.

- **Great Exuma: The Exumas Renewable Corporation Ltd.**

The Project is a hybrid power generation facility located in Georgetown, Exuma designed to provide reliable electric energy and ancillary services to the island's grid. It comprises:

Gas Facility: A 8.5 MegaWatt natural gas power plant consisting of multiple gas engine generator sets, fuelled exclusively by LNG delivered in International Standards for Organization (ISO) approved containers.

Solar Facility: A 3 MegaWatt solar photovoltaic (PV) facility, using fixed or tracking mounting systems to optimize energy production.

BESS Facility: A 6 MegaWatt hours of battery energy storage system (BESS), which enhances grid stability, supports peak shaving, and provides backup power.

3. Structuring the LNG Transition as a National Energy Pivot

Introducing liquefied natural gas (LNG) is not new in concept, but what distinguishes the Davis Administration's approach is its system integration. The 177 MW LNG plant under development is linked to the grid modernization agenda, the retirement of rental generation, and the fiscal stabilization plan. It is not a standalone project but a central anchor of the energy transition.

The passage of the country's first LNG legislation formalized a national governance structure for the fuel's import, handling, safety, and environmental oversight. This legal and regulatory codification is unprecedented and provides a replicable framework for other transitional fuels or emerging technologies. For the first time, fuel strategy is being managed not just through commercial contracts, but as a matter of public policy.

4. Modernizing Infrastructure with End-to-End Visibility and Control

Previous attempts to improve the grid were reactive, localized, and often executed without coordination across the system. The current grid modernization effort, led by BGC, is historic because of its national scope and data-driven design. With over $130 million in investment underway, this is the most capital-intensive grid infrastructure program in Bahamian history.

The introduction of real-time monitoring, advanced fault detection, looped substations, and smart meters is a first. It provides BPL with end-to-end visibility, enabling predictive maintenance, rapid response, and demand-side management. The reforms are converting an analog, manually managed system into a digitally enabled grid suitable for a modern economy.

5. Reshaping Investment Strategy Through Structured Public-Private Models

While PPPs are not new in The Bahamas, their application to the energy sector at this level of sophistication is. The Davis Administration's approach to structuring investment around performance benchmarks, milestone-based disbursement, and ring-fenced revenue models represents a new paradigm.

The establishment of the Bahamas Grid Company as a special-purpose infrastructure entity with project-level transparency is historic in its design. It provides a credible platform for investor participation while maintaining public accountability. These instruments are now being extended to renewable projects, microgrids, and LNG infrastructure, allowing the country to crowd in capital without losing policy control.

The reforms introduced by the Davis Administration go beyond stabilization and strategy. They represent the first time in the country's history that energy is being treated as a national development platform rather than an operational burden. The integration of long-term planning, investment structuring, technological innovation, and policy alignment has created a historic moment in Bahamian infrastructure development.

This is not energy reform as it was once understood—slow, reactive, or donor-driven. This is a deliberate redesign of how energy underpins national competitiveness, climate resilience, and fiscal health. For the first time, The Bahamas is not just catching up—it is setting the pace.

Infrastructure Overhaul: Building for Resilience and Reliability

A critical pillar of the Davis Administration's energy reform agenda is the strategic overhaul of the nation's electricity infrastructure. Historically, investments in infrastructure have been reactive, fragmented, and underfunded—focused on temporary fixes rather than long-term system reliability. As demand grew and technology evolved, much of the country's transmission and distribution infrastructure remained unchanged, leaving the grid vulnerable to frequent outages, climate-related disruptions, and operational inefficiencies.

The current reform effort breaks decisively from this pattern. For the first time, The Bahamas is investing in a unified, climate-resilient, and future-ready grid. This infrastructure overhaul is not confined to the replacement of old assets. It is a systematic modernization of the grid's physical and digital backbone—enabling smarter, faster, and more flexible electricity delivery.

1. Prioritizing System Resilience and Climate Adaptation

Climate change presents an existential threat to small island states. Hurricanes, sea-level rise, and saltwater intrusion pose direct risks to energy infrastructure. Recognizing this, the Government has embedded climate resilience into the core design principles of the national grid. New investments are built to Category 5 hurricane specifications, and grid planning now incorporates storm surge modelling and redundancy pathways.

Substations are being relocated to higher elevations. Critical lines are being undergrounded or armored where possible. Pole foundations and materials have been upgraded, and switching systems are being digitized to allow faster isolation and rerouting during storm events. This resilience-first approach ensures not only better service continuity, but also a faster national recovery when disasters strike.

2. Upgrading Transmission and Distribution at Scale

At the heart of the infrastructure program is the largest transmission and distribution (T&D) upgrade in national history. Led by BGC, a $130 million foundational investment is being deployed in New Providence. This phase includes reconductoring of major transmission lines, expansion of looped substation architecture, transformer upgrades, and modernization of protective systems.

The design also addresses legacy bottlenecks in power flow and load balancing. Historically, the absence of grid redundancy meant that a single fault could isolate entire communities. The upgraded system introduces multiple routing paths and real-time monitoring, enabling automatic load shifts and improving operational reliability.

In parallel, Family Islands are receiving modular grid upgrades tailored to local demand and resilience profiles. For the first time, these islands will benefit from standardized equipment, digital controls, and integration-ready infrastructure for solar, battery, and LNG-powered microgrids.

3. Embedding Digital Intelligence into Grid Operations

The infrastructure overhaul is not only physical—it is digital. A major outcome of this transformation is the shift from analog grid management to data-driven operations. Advanced metering infrastructure (AMI), supervisory control and data acquisition (SCADA) systems, and remote sensing technologies are being deployed nationwide.

Smart meters allow for real-time consumption tracking, outage alerts, and dynamic pricing models. SCADA systems provide centralized visibility into grid performance, enabling predictive maintenance and rapid fault diagnosis. Combined with smart sensors and automated switchgear, these tools enable the utility to anticipate failures, balance load more efficiently, and respond to disruptions with unprecedented speed.

4. Aligning Infrastructure with Future Demand and Technologies

Infrastructure upgrades are being designed not only for current needs but also to anticipate future trends. The national grid is being configured to support distributed energy resources (DERs), electric vehicle (EV) charging infrastructure, and demand response programs.

This forward-compatibility reduces the risk of technological lock-in and ensures that the grid can adapt to future business models and user behaviors. Standardized interconnection protocols, two-way communication systems, and cyber-resilience measures are embedded into every layer of infrastructure development.

5. Institutionalizing Maintenance and Asset Management

To prevent a return to the cycle of deterioration, the Davis Administration has institutionalized a preventive maintenance and asset management program. BPL and the BGC are implementing computerized maintenance management systems (CMMS) and asset registers to track performance, schedule servicing, and extend asset life.

These systems will enable data-driven prioritization of capital expenditures and ensure that grid investments are preserved through regular upkeep. Maintenance budgets are now ring-fenced within operational financing plans, reducing the risk of diversion or deferral due to fiscal pressures.

The infrastructure overhaul underway is more than a capital works program. It is a strategic realignment of how electricity is delivered, protected, and managed across The Bahamas. By integrating climate resilience, digital intelligence, and forward-compatible design, the Davis Administration is not only addressing past failures but building a system fit for the future.

This transformation will ensure that the electricity grid is no longer a constraint on national development but a critical enabler of growth, security, and sustainability. The country is building a network that can stand up to tomorrow's storms, power the technologies of the future, and serve every community with consistency and reliability.

Affordability and Price Expectations

Affordability remains a central objective of the Davis Administration's energy reform programme. Historically, The Bahamas has had some of the highest electricity costs in the region, with consumers paying between $0.28 and $0.35 per kilowatt-hour, largely due to dependence on imported fuel and inefficient system operations. Recognising that high energy prices constrain household incomes and suppress business growth, the Government has embedded pricing reform and cost reduction into every aspect of its energy strategy. This section presents a data-driven account of how affordability is being tackled and what consumers can expect in the years ahead.

Historical Cost Pressures: Understanding the Legacy Price Environment

Electricity prices in The Bahamas have historically reflected deep structural inefficiencies. The country's grid relied 100 percent on imported diesel and heavy fuel oil, leaving consumers vulnerable to volatility in global energy markets. Spot market fuel purchases, combined with technical losses averaging 12 to 14 percent, inflated generation costs. Aging generation assets and the widespread use of rental units, which carried marginal costs exceeding $0.25 per kilowatt-hour, further compounded the issue.

Debt servicing also placed pressure on end-user prices. BPL carried over $500 million in legacy debt and an additional $100 million in pension obligations. These liabilities accounted for an estimated $0.04 per kilowatt-hour in overhead passed through to customers. Coupled with a lack of transparent tariff structures and ad hoc fuel surcharge adjustments, this environment created an unpredictable and burdensome cost landscape for households and businesses.

The Equity Rate Adjustment (ERA): Targeted Relief and Tiered Pricing Reform

To address this, the Government implemented the Equity Rate Adjustment (ERA) in July 2024. The ERA introduced a zero base rate for the first 200 kilowatt-hours of monthly residential usage, benefiting over 82 percent of Bahamian households. It also created a tiered rate structure that adjusts based on consumption, discouraging excessive usage while protecting essential household needs.

Additionally, the ERA reformulated the fuel surcharge mechanism. Under the new model, the first 800 kilowatt-hours of consumption receives a 2.5 cent per kilowatt-hour credit, while consumption above this level incurs a 1.5 cent premium. This approach ensures affordability for core usage while aligning higher rates with higher demand profiles.

The impact has been immediate and measurable. On average, residential customers have seen monthly savings of $27, equating to over $320 annually. Small businesses with consumption under 1,200 kilowatt-hours per month have realised savings of between 7 and 13 percent. The ERA's estimated fiscal impact is $21 million annually, funded through system efficiencies and anticipated fuel savings.

Short-Term Trends: Transition Costs and Near-Term Pressure

During the 2024 to 2027 transition period, consumers will experience short-term price pressures as capital investments are deployed and old systems phased out. Through these PPPs and Power Purchase Agreements, $1.182 billion has been committed to generation, transmission, storage, and smart metering infrastructure across the archipelago.

While these investments will unlock long-term savings, they will temporarily inflate costs. For instance, LNG pricing benefits are dependent on maintaining natural gas spot prices below $5.00 per MMBtu. As of Q1 2025, Henry Hub prices average $4.12 per MMBtu, suggesting a manageable but still present risk to early-stage savings.

Family Island savings of $18.9 million annually are projected to begin in FY27. In the interim, the LNG rollout is already producing benefits. The first phase yielded $40 million in fuel savings in 2024, with $90 million projected in 2025 and $125.6 million expected annually by 2026.

Long-Term Price Outlook: Structural Reductions by FY29–FY34

Over the medium term, pricing reforms and energy diversification are expected to reduce end-user prices across all customer categories. By FY31, fuel savings from LNG and solar deployment are projected to reach $112 million annually. Of this, up to $62 million per year will be used to retire debt byFY34.

Retail price reductions of up to 5.8 cents per kilowatt-hour are projected by FY34. By eliminating expensive rental generation and reducing fuel import exposure, the utility will shed approximately $43 million annually in avoidable operating expenses. Smart grid investments will drive technical losses below 8 percent by FY28, further reducing the unit cost of electricity.

This structural shift is expected to increase economic competitiveness. Tourism, logistics, and manufacturing sectors will benefit from lower energy overhead, enabling reinvestment, job creation, and better price predictability for local and export markets.

Social Protection and Energy Access

The affordability agenda also includes safeguards for vulnerable consumers. A targeted energy credit program of $240 per year is being rolled out for low-income households. An appliance efficiency program is being developed to replace outdated refrigerators, air conditioning units, and lighting, with anticipated energy savings of 12 to 18 percent per household.

A new national database of over 12,000 vulnerable households is being created to coordinate outreach, financial support, and demand-side education. Equity Rate Adjustment (ERA) protections will remain in place through at least FY30 and be adjusted annually based on inflation and wage indexation.

The Davis Administration's approach to affordability is both practical and forward-thinking. In the short term, targeted rate adjustments and fuel optimisation are shielding consumers from global price volatility. In the medium term, LNG, solar, and operational efficiencies will drive prices lower. By FY34, customers could see reductions of up to 5.8 cents per kilowatt-hour compared to the diesel-based baseline.

Affordability will no longer rest on subsidies alone. It will be embedded in system efficiency, smarter tariff structures, and long-term resilience. Energy will no longer be a burden, but a platform for economic security, competitiveness, and inclusive growth.

The Levelized Cost of Electricity

While each Power Purchase Agreement (PPA) outlines a specific cost per kilowatt-hour (kWh) that BPL will pay to an Independent Power Producer (IPP) for generation on a particular island, it is essential to understand that this does not mean that customers on each island will see different electricity rates. In The Bahamas, BPL operates under a uniform national tariff structure, meaning all customers—regardless of location—pay the same rates, which include both the base rate and the fuel charge.

These PPAs contribute directly to reducing the overall cost of generation by lowering reliance on expensive and volatile fossil fuels. As more efficient and cost-effective energy sources—such as LNG and utility-scale solar—are integrated into the system, they help reduce fuel costs, which in turn lowers the Levelized Cost of Energy (LCOE). The LCOE is a blended average of generation costs across the entire network. As these lower-cost projects come online, they help bring down that national average, ensuring fairness, price stability, and long-term sustainability for all customers, while enabling BPL to modernize and manage its fuel mix more effectively.

A New Economic Foundation: Energy as a Catalyst for Growth

The Bahamian energy reform programme, as outlined in the preceding chapters, has established the foundation for a fundamentally different economic trajectory. Through structural interventions in generation, transmission, and pricing, the Davis Administration is reframing energy not as a constraint on growth, but as a strategic enabler. This shift—away from fragmented investment and ad hoc policy responses toward a data-driven, integrated approach—positions the energy sector as a central lever for productivity, competitiveness, and economic diversification.

Historically, high electricity costs and reliability issues have been systemic barriers across the Bahamian economy. Energy expenditures ranked among the top cost drivers for businesses, particularly in tourism, logistics, manufacturing, and services. With energy prices fluctuating between $0.28 and $0.35 per kilowatt-hour, and fuel surcharges tied to volatile oil markets, operational planning and margin stability were compromised. In parallel, inadequate infrastructure and prolonged outages eroded investor confidence and depressed capital flows across critical sectors.

The reforms now in motion are reversing these dynamics. By shifting the fuel mix to LNG and solar, eliminating high-cost rental generation, and improving grid reliability through $1.18 billion in strategic private capital investment, the Government is actively reducing system-wide cost pressure. LNG savings are projected to reach $125.6 million annually by 2026. These savings, combined with smart grid upgrades that will cut technical and commercial losses below 8 percent by FY28, create tangible cost efficiency at the utility level—translating into more stable, lower costs for end users. The projected 5.8 cents per kilowatt-hour in retail price reductions by FY34 are not speculative—they are the result of a measured and monetized transition strategy anchored in fuel economics and system performance analytics.

This improved cost profile enhances macroeconomic resilience and reduces fiscal exposure, particularly by decreasing the need for consumption subsidies and absorbing less volatility through public balance sheets. It also enables a more transparent, rules-based pricing structure. The Equity Rate Adjustment (ERA), with its tiered design and built-in incentives, is a clear example of price signal reform with social safeguards. These changes improve economic signaling, drive conservation behavior, and build confidence in the regulatory framework. The broader effect is a realignment of public expectations: price reductions are now associated with structural reform, not temporary government intervention.

Crucially, energy reform is also catalyzing private investment. The introduction of performance-based public-private partnerships (PPPs) and milestone-tied contracts has attracted new institutional capital. The Bahamas Grid Company and Family Island microgrid programmes serve as demonstrators of how infrastructure vehicles can deliver both project execution and investment transparency. These mechanisms are helping to de-risk energy sector financing while scaling up delivery capacity. New financing structures also enable long-term alignment between capital providers, developers, and the utility.

The knock-on effects are already evident. Improved reliability and price stability are enabling expansion in energy-dependent industries such as digital infrastructure, real estate, and transport. The tourism sector is leveraging renewable integration to meet global ESG benchmarks and improve its sustainability profile. Developers are incorporating energy performance into financing models and project valuations. Meanwhile, energy stability is allowing smaller operators, particularly in the Family Islands, to scale up operations in agriculture, fishing, and hospitality—furthering inclusive growth.

Additionally, a stable and modern energy system supports investment in infrastructure that was previously deemed too risky or uneconomic. Logistics hubs, light manufacturing parks, and value-added processing plants now have a foundation on which to operate. Power availability is no longer a gating issue in investment promotion. These signals are already reshaping how international investors and multilaterals assess Bahamian project viability, risk premiums, and financing terms.

Workforce transformation is another key benefit. The sector is expected to support more than 1,500 new direct and indirect jobs over the next five years across solar deployment, grid operations, energy analytics, and maintenance. The Government's collaboration with BTVI and international partners ensures that this shift is underpinned by skills alignment and workforce readiness. The training programmes now underway are sector-driven, emphasizing technical proficiency, digital fluency, and field-based learning. More importantly, the programme design incorporates gender equity, regional equity, and pathways for career progression—embedding inclusivity into the sector's growth model.

The educational and entrepreneurial spillovers are also taking shape. As grid modernization creates more reliable and digitized access, opportunities are emerging for startups focused on energy efficiency, consumption tracking, home automation, and small-scale renewable services. The new regulatory framework supports distributed energy resources (DERs), which will give rise to prosumer markets, micro-utility models, and peer-to-peer energy sharing. These trends are nascent but are gaining traction in other island economies and represent a longer-term horizon of opportunity.

In aggregate, these developments signal a transition in the national economic model. Energy is becoming a source of efficiency, investment, and innovation. The reforms are enabling sectoral growth, strengthening fiscal sustainability, and enhancing the country's international competitiveness. This is not merely a recovery strategy—it is a repositioning of energy as an economic multiplier. By reducing exposure to global energy shocks, stabilizing operating conditions for business, and anchoring inclusive workforce development, energy reform is contributing directly to economic resilience.

Going forward, energy will be a core input in every national strategy—from industrial development and digital inclusion to climate adaptation and education. The energy sector, once seen as a constraint, is now a source of momentum. Through this transformation, The Bahamas is redefining what is possible—not just in energy, but in how infrastructure can unlock growth in a modern, resilient economy.

Public-Private Partnership Framework

The scale and complexity of The Bahamas' national energy reform required a fundamental rethinking of infrastructure financing, risk allocation, and delivery models. Historically, public sector-led development dominated the energy landscape. While this approach delivered critical infrastructure, it often lacked the agility, capital depth, and performance accountability required to respond to modern energy demands and global market dynamics. Recognizing this, the Davis Administration has pursued a forward-leaning Public-Private Partnership (PPP) framework that brings private capital, global expertise, and risk-sharing into the heart of the reform process.

The new PPP model reflects an integrated, whole-of-government approach that aligns financing instruments, legal frameworks, procurement standards, and oversight mechanisms. Rather than using PPPs opportunistically, the Government has embedded them as a core strategy for achieving investment targets without compromising fiscal sustainability. This shift positions The Bahamas in line with international best practices observed in peer island economies and emerging market jurisdictions.

Key features of the framework include:

- Competitive tendering based on pre-defined technical, environmental, and financial criteria
- Milestone-based disbursements linked to verified performance outputs
- Risk transfer mechanisms structured to balance public interest with commercial feasibility
- Robust governance and oversight through dedicated PPP units in the Ministry of Energy and Transport and the Ministry of Finance

The Family Island Microgrid Programme represents a replicable model for decentralized, renewable-powered systems. Delivered through Build-Own-Operate-Transfer (BOOT) agreements, each microgrid integrates solar PV, LNG or hybrid generation, battery storage, and digital controls. These long-term contracts include tariff ceilings, performance clauses, and provisions for eventual asset transfer to BPL. Importantly, these contracts are tied to service delivery—not just asset construction—ensuring that the Government pays for energy output, not capital expenditure.

To enhance the bankability of energy transition projects and attract capital at scale, the Government is leveraging blended finance strategies. This includes the introduction of risk mitigation tools such as partial risk guarantees, liquidity support instruments, and escrow-backed payment frameworks. These mechanisms are being developed in collaboration with multilateral institutions such as the Inter-American Development Bank (IDB), the World Bank, and emerging private climate finance platforms. Additionally, the Government is exploring the issuance of green infrastructure bonds to fund projects that deliver measurable reductions in emissions and improvements in energy affordability.

Transparency and accountability remain at the forefront of all major public-private partnership (PPP) projects in the energy sector. Each project is subject to public disclosure

protocols and independent audits, ensuring that procurement documentation, bid evaluations, and contract award notices are published in line with the Government's procurement transparency policy. To further strengthen oversight, an Owner's Engineer is engaged on each major project, serving as an independent technical advisor throughout the design, procurement, construction, and commissioning phases. This role ensures technical compliance, safeguards public interest, and enhances project quality and cost control. In addition, quarterly performance dashboards are being introduced to track implementation progress and service delivery outcomes, reinforcing a culture of continuous monitoring and public accountability.

The PPP model is being designed to ensure that Bahamians directly benefit from infrastructure investments. Bidding criteria now include requirements for local workforce training, the inclusion of small and medium-sized Bahamian enterprises, and measurable commitments to invest in Bahamian talent and enterprise. These provisions ensure that the value of each project extends beyond asset delivery, creating meaningful economic opportunities and building national capacity in the process.

As The Bahamas transitions to a modern, diversified energy system, the PPP framework serves as both a financial and governance tool—enabling the Government to scale investment while maintaining delivery discipline. It supports effective fiscal risk management, opens the door to global innovation, and accelerates implementation of critical infrastructure. More than a funding model, it represents a shift in how the public sector engages—one that prioritizes long-term value creation, policy alignment, and positive impacts on citizens and communities.

Looking ahead, the Government is working to expand the PPP pipeline with strategic projects in energy storage, electric mobility, and grid digitalization. Lessons learned from initial PPP rollouts are being codified into national procurement legislation and standard operating procedures, ensuring regulatory clarity and replicability. By embedding PPPs into the foundation of the energy transition, The Bahamas is not only delivering infrastructure—it is building an enduring platform for investment in Bahamian talent and enterprise, laying the groundwork for sustained, inclusive growth.

Looking Ahead: What Bahamians Can Expect

As The Bahamas moves beyond the initial implementation phase of its national energy reform programme, a new chapter begins—one that will translate technical strategy into tangible, everyday benefits for Bahamian households, businesses, and communities. This is not the conclusion of a government intervention. It is the beginning of a sustained transformation in how the country powers its economy, secures its future, and improves quality of life for every citizen. The reforms outlined across this document have not only stabilised the energy system but fundamentally repositioned energy as a platform for long-term growth and national resilience.

In the short to medium term, Bahamians can expect improvements across five critical domains: cost, reliability, service delivery, governance, and economic opportunity. Each of these areas is underpinned by measurable outcomes already in motion and sustained by institutional reforms that ensure accountability and transparency.

The Government's energy transition strategy is delivering both near-term and structural benefits. Liquefied natural gas (LNG), which will begin full-scale generation by 2026, is expected to deliver up to $125.6 million in annual fuel savings. This, combined with the retirement of expensive rental generation and the integration of utility-scale solar, will reduce the average cost per kilowatt-hour and create downward pressure on monthly bills. These price reductions will not be fleeting—they are grounded in the economics of fuel diversification, efficiency gains, and enhanced asset utilization. Over time, Bahamians will no longer be subject to the same level of global fuel price volatility. Instead, they will benefit from a more predictable, transparent, and fair pricing structure that rewards efficient consumption while protecting vulnerable groups.

In terms of reliability, the $130 million investment in grid modernization for New Providence, and $87 million in The Family Islands, represents the largest infrastructure overhaul in the country's electricity history. This includes hardened substations, looped transmission, reconductored lines, and digital control systems. For consumers, this will translate into fewer outages, faster restoration, and more stable voltage. In the Family Islands, microgrids combining solar PV, LNG generation, and battery storage will provide communities with continuous, locally managed energy that reduces their dependency on diesel imports and improves their resilience to storms and climate shocks. These systems are not prototypes—they are engineered to international standards, and their implementation is already underway.

Service delivery is also undergoing a complete transformation. Through the deployment of smart meters, digital billing systems, and mobile service applications, customers will be empowered with tools to manage their usage, reduce waste, and receive more timely service. Energy literacy campaigns will support this transition, ensuring that citizens understand the technology and the savings opportunities it creates. Utilities will be expected to meet customer service benchmarks not as aspirational goals, but as contractual obligations. This shift toward customer-centricity marks a new era in utility management.

Governance reforms are a central pillar of long-term confidence in the energy system. The establishment of the Ministry of Energy and Transport, restructuring of BPL's internal operations, and enhancement of the Utilities Regulation and Competition Authority (URCA) have laid the foundation for performance-based oversight. Energy contracts are now awarded through competitive tenders with public disclosures, and procurement reforms have standardized risk-sharing, project milestones, and fiscal reporting. These efforts have already increased investor interest and enabled the Government to unlock over $1.18 billion in private blended finance. Going

forward, stakeholders can expect greater use of performance dashboards, third-party audits, and citizen engagement forums to maintain transparency and legitimacy.

Perhaps most importantly, energy reform is reshaping the economic landscape. The sector will support more than 1,500 new jobs over the next five years across construction, operations, logistics, analytics, and customer service. Training and reskilling programmes are already underway, ensuring that Bahamian workers are prepared for the new roles emerging from this transition. In addition, lower energy costs will improve the competitiveness of domestic industries—from tourism and real estate to light manufacturing and agri-business. Investors evaluating The Bahamas today are no longer constrained by outdated infrastructure or unpredictable utility costs. They are responding to a market with long-term price stability, reliable service delivery, and clearly defined rules of engagement.

Looking ahead, Bahamians can expect their energy system to become more than just functional. It will be a driver of prosperity. As the reforms continue to unfold, citizens will experience more equitable access to services, better value for money, and a greater degree of self-determination over their consumption and environmental impact. The energy sector will evolve from a source of national frustration into a symbol of modernization and shared progress.

The Davis Administration's commitment to reform does not end with this phase. New workstreams are already being scoped, including opportunities in electric vehicle infrastructure, distributed energy resources, and cross-sector energy-water linkages. These efforts are designed to build on the foundation that has been laid and extend the impact of reform into new areas of national development.

The Government understands that trust is built through results. That is why every element of the reform programme has been tied to measurable outcomes, third-party validation, and a policy commitment to continuous improvement. As implementation milestones are met and public feedback is integrated, the energy system will not only deliver power—but will also generate opportunity, reduce inequality, and contribute to the country's climate and development goals.

In conclusion, Bahamians can look forward to a reimagined energy sector—one that is built to serve them, evolve with their needs, and power the nation's future. The shift away from unreliable, costly, and outdated systems is already underway. In its place, a modern, efficient, and inclusive energy landscape is emerging—one that reflects the strength, vision, and limitless potential of The Bahamas in the 21st century.