



**Proceedings of the  
Caribbean Pre-ECPA Ministerial Meeting**  
Miami - Florida, United States  
October 6, 2014

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## **Introduction**

Delegates from Barbados, Dominican Republic, Jamaica, Mexico, Saint Kitts and Nevis, Saint Lucia, Suriname, United States and OAS observer United Kingdom, as well as representatives from the Organization of American States, the Caribbean Development Bank and the Inter-American Development Bank, attended this pre-ministerial sub-regional meeting held on the fringes of the 2014 Caribbean Renewable Energy Forum (CREF 2014) in Miami, Florida, United States, on October 6, 2014.

Participants discussed energy and climate issues that should be identified in the Pre-ECPA ministerial meetings as governments anticipate a more fulsome debate in Mexico in 2015. In the case of the Caribbean, high electricity costs and dependence on imported fossil fuels was cited as a primary concern. The region imports over 170 million barrels of petroleum products every year, with 30 million barrels used in the electricity sector alone. Almost every island state in the Caribbean depends almost exclusively on diesel for the generation of electricity. Energy efficiency alone could save the Caribbean considerable amounts of money. For example, at a seminar held in Kingston, Jamaica, in March 2014, the International Finance Corporation (IFC) presented a market analysis of sustainable energy finance opportunities in Barbados, Belize, Jamaica, Grenada, and Saint Lucia. According to the analysis, incorporating energy efficiency measures across these five countries over the next few years could save approximately US\$200 million. Another study produced by ECLAC in 2009 found that almost 25 percent of the energy consumption in the region could be eliminated through energy efficiency measures that rapidly pay for themselves. In this context, it should be noted that almost every government in the Caribbean is pursuing a sustainable energy pathway of one form or another. The actions of said governments include not only the formulation of policies, but also concrete steps toward sustainable energy.

As the dialogue ensued, the participating countries highlighted the main aspects of energy and climate to be debated at a prospective ECPA Ministerial in 2015. This report provides a summary of the different topics that were addressed.

## **Policy and legal frameworks**

The Caribbean energy sector has particular policy and legislative frameworks that were not designed with renewable energies in mind. It was developed with the intention of having one utility company in each country using diesel and/or Heavy Fuel Oil for the generation of electricity. Hence, a reform of the entire regulatory environment must be envisaged for the sector to become sustainable. Many countries have electric utility monopolies, most of which are protected by long-term electricity supply acts. These legal frameworks give utilities the exclusive right to generation, transmission, distribution and sale of electricity



in an island state in some cases for as much as 80 years. Engaging independent power producers would run counter these monopolies. Without policy and legislative changes this reality cannot change. Electricity supply acts must be modified to allow independent power producers in the renewable energy sector.

### **Electricity sector liberalization**

Many countries in the Caribbean have long-term commitments to one single operating utility. The government authorities partaking in the meeting emphasized the need to be able to renegotiate these agreements in order to stimulate competition, attract more investors to the electricity market and curb electricity prices.

There was a similar situation in the telecommunications sector, where monopolies controlled the market in many countries. Several nations abolished said monopolies simply by following the recommendations of the World Trade Organization (WTO), where a decision was made to liberalize the telecommunications sector. The WTO does not have a policy that mandates all countries to liberalize their energy sectors. Such policy advocated within the WTO could facilitate the establishment of an open electricity market in the Caribbean. To facilitate this process within the WTO would require a lot of diplomatic work.

Open competitive markets and transparency in terms of facilitating price discovery poses a real question in small Caribbean markets. However, policies seeking to help the Caribbean revise long-term agreements with electricity utilities may involve penalties. Additionally, although there are legitimate reasons to open markets and introduce competition, there also is some trade-offs that policy makers should consider. The comparison to the telecoms liberalization is instructive and there are lessons to be learned from said process. There are nevertheless some structural differences between telecommunications and the electricity sector, especially when looking at when telecom liberalization happened, including the introduction of cellphone technology.

If the goal is to propel independent power purchase agreements in the Caribbean, then market liberalization makes sense in many contexts. However, in some of the smaller markets in the Caribbean, one single renewable energy project (e.g., geothermal) could meet almost if not the entire baseload of one island nation. Implementing policy liberalization in a way that does not facilitate long-term planning on the part of the utility, does not factor-in end use options, or is conducted without an integrated resource plan or a consolidated, centralized process, could lend itself to inefficiencies.

If the goal is to reduce costs, the idea of having another private sector institution that is going to make its own profit on top of what the utility is making should be considered. The process toward renewable energy development should not lead to governments, taxpayers and consumers having to pay utility companies for stranded assets. Steps must be taken to ensure that a transition toward renewable energy does not adversely affect the price of electricity paid by all segments of society, especially the poorest.



### **Regulatory regime**

Currently any investor coming into the Caribbean market must engage with a utility and agree on a tariff with such company. Governments believe that utility companies should not be involved in setting the tariffs. It should be the task of the regulator to set the tariff based on the type of renewable energy source to be harnessed. Some sort of regulatory regime should be implemented in order to build investor confidence. The regulatory framework deployed by the Government of Jamaica, which includes the Office of Utility Regulation, was cited as a successful model. There is also a move led by the World Bank to establish the Eastern Caribbean Energy Regulation Authority (ECERA). This example follows the same model as the Eastern Caribbean Telecommunications Authority (ECTA). The difference between one and the other is that, whereas telecommunications utilities are privately owned, electricity utilities may be owned by the government as well. Thus far only Grenada and Saint Lucia adopted the ECERA model. Participants noted that energy exports between and among island states will be possible only if an overarching regional regulator is put in place. However, the Caribbean governments that own their country's electricity companies may not see a need for a regulator.

### **Renewable energy incentives**

Incentives must be provided to encourage the transition toward sustainable energy. Energy efficiency is identified as an area providing major benefits and any country can look forward to implement actions in this field, as opposed to renewable energy where several factors come in play such as resource availability, financing, legal and regulatory frameworks, etc.

### **Energy sector capacity building**

The energy sector is new for Caribbean governments, and not all countries have the capacity in-house to be able to respond to and deal with its challenges. One Caribbean minister considered this as one of its most demanding portfolios because of the great deal of strong vested interests. It is difficult to differentiate which energy development proposals are legitimate and which are not. Even when due diligence can be conducted vis-à-vis an investor, governments must also assess the viability of their proposed technologies. Governments need to build their capacity to deal with myriad complex issues that they have not looked at in the past. Technical backstopping from institutions such as the OAS, the IDB, the World Bank or the Carbon War Room is vital to look at technologies and agreements with developers.

### **Development of adequate roadmaps and strategic partnerships**

Caribbean nations must determine which goals they seek to achieve and avoid being driven by development partners or investors. In this regard, the region's governments must collaborate with each other as much as possible. There seems to be insufficient dialogue among governments despite of the fact that every nation in the region experiences similar issues when it comes to energy.



Strategic partnerships with multilateral organizations and financiers are also vital in negotiations with developers. Without their support there is no way for the government of certain small island nations to enter into negotiations feeling they could get the best deal for their countries.

The development of a sustainable energy roadmap provides significant opportunities to stimulate investments, establish green economies, create jobs in new and existing sectors, improve competitiveness, build resilience to future fuel shocks, and strengthen the position of the Caribbean in climate change negotiations.

### **Private sector engagement**

The private sector must be fully engaged in the pursuit of sustainable energy solutions. Companies are usually keen to participate in these processes because it affects their bottom lines. However, it is important to look at ways to improve that engagement where possible to curb the risk of some investments and encourage the private sector to invest some of its own financial resources in these endeavors.

Several questions emerged with regard to facilitating private sector participation and its inclusion in the ECPA Ministerial: How would that take place? Should they be included in the Ministerial? With regard to Summit of the Americas deliverables, one of the goals is doubling the shares of non-hydro renewables in the Americas electricity mix by 2030. Would this be something that countries should be able to discuss at the ECPA Ministerial? Is it worth to try to build consensus around some of the goals agreed upon by the presidents and chiefs of state at the Summit of the Americas?

In response to some of these questions, the Government of Mexico stated its intention to facilitate private sector dialogue at the ECPA Ministerial in 2015. The day prior to the ECPA Ministerial will be dedicated to the private sector forum (renewable energy innovation centers, public and private institutions, etc.). A two-day plenary session of ministers will follow. The purpose of the private sector forum is to ensure the participation of the private sector as an integral part of discussions considering that public-private partnerships are an essential part of energy reform. The format advanced by the Clean Energy Ministerial is a good model to follow for the ECPA Ministerial.

Finally, it was noted that the topic of private sector engagement was also addressed by other organizations such as the IDB, the Global Green Forum, the Sustainable Energy for All initiative, IRENA, etc.

### **Funding**

The issue of Caribbean small island states not being able to finance market transformation is omnipresent. Participants agreed on the importance of ascertaining whether the issue of financing is contemplated within the seven fundamental pillars of ECPA and, if not, to include it. Additionally, information sharing and coordination among energy authorities, ministries and even ministers should be fostered. Energy in the Caribbean is becoming a



very competitive field even among financiers. Several governments are engaging with all financiers, donors and lenders at the same time about the same project. In this regard, public sector investment programs could accommodate the transition toward renewable energy.

The creation of enabling environments that foster private sector energy investments is fundamental. This is particularly true in contexts where the financing for new, clean energy endeavors is not derived exclusively from governments but also from the private sector. However, in order for these investments to come to fruition investors must trust that their investments will provide a return. Investment environments that are generally supportive of private capital in general are not enough. Favorable environments specifically targeted to address the energy sector are required.

### **Interconnections**

Interconnectivity is one of the considerations to be taken into account when considering financing. Interconnections turn investments more feasible and viable. The governments of the region have a pivotal role in promoting these interconnections, as well as energy sector investment enabling frameworks

Looking at the OECS in particular, the issue of interconnectivity is fundamental. Most Caribbean nations have very small populations and economies. Their electricity demand is also very small. In order to optimize renewable energy resources such as geothermal for example, interconnections will be needed. Islands with a considerable wealth in geothermal energy also have ideal geographic locations which would allow them to export electricity to neighboring islands with larger economies and populations.

### **Natural gas**

Participants agreed on the importance of including the issue of natural gas as a transition fuel in the ECPA agenda. Several countries in the Western Hemisphere are net exporters of gas, which is an important resource for electricity generation. Caribbean states should be able to pursue market transformations enabling them to take advantage of these newly discovered unconventional resources. This can help the Caribbean to wean off Heavy Fuel Oil and diesel. The idea of having an economy based on natural gas, considering its highly competitive prices, must be assessed.

### **Other issues discussed**

**Energy matrix diversification:** Taking full advantage of renewable energy potential was cited as a priority that should be addressed via government action, policy, legislation and regulation. Multinational organizations should support energy mix diversification.

**Land use:** Land use planning in the context of sustainable energy would need to be addressed in a significant way, including land ownership, buffer zones, eminent domain laws, etc. Public participation and community engagement should be factored in decisions



regarding harnessing new and existing energy sources. Consultations with citizenship with regard to land use should be encouraged.

**Carbon Credits:** In the past, this mechanism enabled great attraction of investors because substantial financing was associated with it. Although carbon finance is not as invoked as it used to be, it could be an issue to be discussed at the upcoming ECPA Ministerial.

**Grid stability:** As the Caribbean evolves toward the incorporation of renewable energy, it must take necessary steps to ensure the stability of its grids.

**Energy efficiency:** Reducing energy consumption in public buildings and street lighting was mentioned as an effective measure.

**Energy in the transportation sector:** This issue was not debated.



### List of participants

Country	Name	Position	Organization
Barbados	Jehu Wiltshire	Permanent Secretary	Ministry of Energy and Telecommunications
Barbados	William Hinds		
Barbados	Dr. Warren Smith	President	Caribbean Development Bank
Barbados	Tessa Williams		Caribbean Development Bank
Dominican Republic	Julian Despradel	Officer	Ministerio de Energía y Minas
Jamaica	Hon. Phillip Paulwell	Minister	Ministry of Science, Technology, Energy and Mining
Jamaica	Fitzroy Vidal	Senior Energy Engineer	Ministry of Science, Technology, Energy and Mining
Mexico	Alejandro Amerena	Director General of Foreign Affairs	Energy Secretariat of Mexico
Saint Kitts and Nevis	Hon. Alexis Jeffers	Minister	Ministry of Communications, Works and Utilities, Nevis Island Administration
Saint Lucia	Senator Hon. Dr. James Fletcher	Minister	Ministry of the Public Service, Sustainable Development, Energy, Science and Technology
Suriname	Idries Tachus		Ministry of Natural Resources
United States	Dan Birns	Senior Energy Specialist	US Department of State
United States	Maria Macarena Apud		US Department of State
United States	Gary Ward	Director of the Office of the Americas	US Department of Energy
United States	Nadia Rhazi	International Advisor	US Department of Energy
United States	Nancy Checklist		US Department of Energy



United States	James Bowman		US Department of Commerce
	Anton Edmunds	CEO	Edmunds Consulting
United Kingdom	Fiona Grant	Head of Caribbean Economic Affairs	British High Commission, Trinidad and Tobago
United Kingdom	Angela Francis	Regional Economist Caribbean	British High Commission, Trinidad and Tobago
	Amb. Albert Ramdin	Assistant Secretary General	Organization of American States
	Shelly Dass	Senior Advisor/ASG	Organization of American States
	Sherry Tross	Executive Secretary/SEDI	Organization of American States
	Cletus Springer	Director/DSD	Organization of American States
	Juan Cruz Monticelli	Senior Energy Specialist/DSD	Organization of American States
	Charlene Solozano	Financial and Planning Officer	Organization of American States
	Christiaan Gischler	Energy Specialist	Inter-American Development Bank
	Sally Yearwood	Executive Director	Caribbean Central American Action





**Caribbean Pre-ECPA Ministerial Meeting**  
J.W. Marriott Marquis – Junior Ballroom A  
Miami - Florida, United States  
October 6, 2014

The Caribbean Pre-ECPA Ministerial will address energy and climate challenges in this sub-region in preparation for a meeting of ministers in 2015 under the umbrella of the Energy and Climate Partnership of the Americas (ECPA). The gathering will allow Caribbean governments to share their views on ECPA's pillars.

A G E N D A	
09:00am - 09:15am	<p><b>Opening session</b> <b>Cletus Springer</b> Director, Department of Sustainable Development, Organization of American States <b>(Chair)</b></p> <p><b>Amb. Albert Ramdin</b> Assistant Secretary General, Organization of American States</p> <p><b>Alejandro Amerena</b> Director General of Foreign Affairs, Energy Secretariat of Mexico</p>
09:15am - 09:25am	<p><b>Policy implications of energy trends in the Caribbean</b> <b>Hon. Dr. James Fletcher</b> Minister of Public Service, Information, Broadcasting, Sustainable Development, Energy, Science and Technology Government of Saint Lucia</p>
09:25am - 09:50am	<p><b>Background of ECPA, review of pillars and considerations for the Caribbean Pre-ECPA Ministerial Meeting</b> <b>Juan Cruz Monticelli</b> Senior Energy Specialist, Department of Sustainable Development, Organization of American States</p>
09:50am - 11:30am	<p><b>Open ministerial debate: Toward a regional position for an ECPA Ministerial Meeting</b> <i>Government representatives in attendance will be invited to address energy and climate goals in preparation for a ministerial meeting in 2015 under the ECPA umbrella.</i></p> <p><b>Chair: Hon. Phillip Paulwell</b> Minister of Science, Technology, Energy &amp; Mining Government of Jamaica</p> <p><b>Rapporteur: Juan Cruz Monticelli</b> Organization of American States</p>
11:30am - 11:45am	<b>Coffee break</b>
11:45am - 12:00pm	<p><b>Vision and goals for the 2015 ECPA Ministerial</b> <b>Alejandro Amerena</b> Director General of Foreign Affairs Energy Secretariat of Mexico</p>
12:00pm - 12:15pm	<p><b>Summary and way forward</b> <b>V. Sherry Tross</b> Executive Secretary, Secretariat for Integral Development Organization of American States</p>
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