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Greetings from His Excellency Edwin Carrington - Secretary-General, Caribbean Community

CARICOM Energy Programme

In April 2008, the Caribbean Community (CARICOM) Secretariat established the Energy Programme within the Directorate of Trade and Economic Integration, to ensure a programmatic approach to regional energy sector developments. This programme will facilitate greater responsiveness in carrying out the Community's mandates as well as in providing a more harmonized approach to energy issues.

One key task that is being pursued under the Energy Programme is the finalisation and implementation of the CARICOM Energy Policy which is currently in draft. This was developed by the Task Force on Energy in 2007 and while it was accepted by the Conference of Heads of Government as having met the prescribed Terms of Reference, the Leaders mandated that further work should be done with respect to the structure of energy pricing in the Region to better inform the Policy. It is hoped that this task will be completed shortly.

A significant focus of the Energy Programme will be advancing the development of renewable energy (RE). In this regard, great emphasis will be placed on establishing enabling policy as well as regulatory and legislative framework, to encourage the increased development of RE. This is against the background that: i) RE remains important to the long term energy security of the Region, ii) RE forms the indigenous energy resources of most CARICOM countries and iii) diversification of the energy supply will provide a buffer to the negative impacts of oil price volatility.

Energy is also a factor in the single, most important human development issue today – Climate Change. It is considered that, inter alia, CARICOM countries could bolster their moral position in their bid to have developed countries make greater commitments to emissions reduction, by lowering their own carbon footprints and positioning the Caribbean energy sector on a more sustainable energy path. The Region therefore must have a strong interest in ensuring that the best deal is achieved with respect to commitments for reduction in global carbon emissions, at the United Nations Framework on Climate Change Convention (UNFCCC) in December in Copenhagen, Denmark.

Whilst the Region must not relax its efforts towards increased use of renewables, the reality is that hydrocarbons will remain the dominant source of energy in CARICOM for a long time. There is an opportunity for the Caribbean to migrate to a cleaner form of hydrocarbon energy - Natural Gas. Developments in the downstream energy sector of Trinidad and Tobago (the dominant hydrocarbon producer in the Region), provide significant opportunities for participation by other CARICOM countries. I believe there is, therefore, an important role for the CARICOM Energy Programme in providing support and in helping to catalyze and establish the necessary linkages to expedite exploitation of these opportunities.

During its first year of existence, the CARICOM Energy Unit has established many linkages and collaborated with key actors in



H.E. Dr. Edwin Carrington, Secretary-General Caribbean Community



Joseph Williams

ISSUES, CHALLENGES AND OPPORTUNITIES

- *Joseph Williams, Programme Manager - Energy*

It gives me much pleasure to address you via this inaugural issue of **E Energy**, a quarterly Newsletter of the Caribbean Community (CARICOM) Energy Programme. The main aim of this newsletter is to keep all concerned, updated on developments in relation to the Energy Programme as well as the regional energy sector in general. In addition, it is intended to provide a means of feedback on key issues. Indeed, the developments and issues in the regional energy sector are many, varied and often very complex given: (i) the intricate link between energy and economic development, (ii) its ever increasing role in geopolitics and (iii) of-course that energy is the key culprit in the phenomenon of climate change.

In view of the range and scope of issues and due to the constraint of space, I propose only to mention a few salient ones which both form challenges and opportunities and which will underpin key aspects of the CARICOM Energy work programme. These issues will be elaborated over time.

■ **Programmatic Approach, Regional Energy Policy:** With the establishment of the Energy programme at CARICOM Secretariat, a programmatic approach is now being adopted to carrying out energy related mandates and will also provide framework for more strategic approach to issues in energy sector. This has established a departure of the general projectized approach in past.

○ The matter of finalizing and facilitating the implementation of the regional energy policy is a high priority and focus for Energy Unit. Although small progress has been made, this is now overdue for advancement to completion.

○ Advancing sustainable energy developments is another key priority area given its link to long term economic survival of many Member States.

■ **Coordination:** One significant challenge in the regional energy sector is the need for coordination among the multiplicity of energy initiatives, especially in the area of sustainable energy development, both at the national and regional level. In general, the level of sharing of information and linkages is inadequate; the result is that there is some amount of duplication. One key objective of the energy programme is to facilitate a more coordinated and strategic approach which will ensure the evolution of earlier experiences, minimization of duplication and provide for more optimal utilization of resources.

■ **Energy & Foreign Relations:** Increasingly, energy issues underpin much of the global and hemispheric geopolitical actions and by extension foreign relations engagements. There is therefore need for a greater linkage between the foreign relations discourses and energy agendas of the Region. The Energy Programme will seek to strengthen such linkages.

■ **The Economic Partnership Agreement** is now a reality. The challenges and opportunities have been well articulated over the recent past. Energy Services present some opportunities for trade within the context of EPA especially within CARIFORUM and for the European Overseas Countries and Territories (OCTs). Given the emerging nature of the energy services sector in the region these opportunities need to be developed and will require some level of coordination.

■ **Policy framework:** Owing to the energy situation in most Member States of CARICOM, significant focus will be placed on renewable energy development. It is well established that significant increases in the use of renewable energy will only be achieved by the establishment of enabling policy framework and by effecting appropriate changes in the regulatory and legislative framework. Inter alia, this will in many cases require reform in many of the electric sectors of CARICOM countries.

■ **Trinidad & Tobago Downstream Energy Sector:** Despite the transitory challenges posed by global financial crisis and resulting credit crunch, planned developments in the downstream gas sector of Trinidad and Tobago will offer opportunities for CARICOM energy Sector for participation in manufacture and trade especially in clean technologies.

■ **Climate Change:** The countries of CARICOM can contribute to climate change mitigation and increase the value of their services such as tourism, by migrating to a clean energy pathway to their development.

It is our hope that **E Energy** will provide an effective mechanism for facilitating the communication of information on developments in the various facets of the energy sector of the Region.

Part 1 – CARICOM Energy Ministers and CARICOM Energy Programme

Prime Minister Samuel Hinds, Guyana



Honourable Samuel Hinds –
Minister with Responsibility for Energy

“As Minister for Energy in Guyana I take this opportunity to extend, “Best Wishes”, to the Caricom

Secretariat Energy

Unit as it launches its Newsletter. It would be good to have this newsletter joining with others like CARILEC to keep Energy Ministers and other energy stakeholders connected and informed about circumstances, views, opportunities, experiences, advances, and successes as well as failures across the countries of CARICOM. Each country should seek to give full play to its circumstances and comparative advantage and be cautious about defying natural disadvantage.

The production of energy, its use and the mechanics of its generation and utilization are significant indicators of the degree of development and quality of life of a people. Guyana looks for help in its desire for a development path that avoids the high carbon development trajectory that today's developed world followed.

I take this opportunity to extend to the CARICOM Secretariat, through its Energy Unit, my appreciation for its support in enabling the current study of the feasibility of a development on the small Chiung River in our hinterland to supply electricity and water to one or more villages nearby.”

Minister Conrad Enill, T&T



Honourable Conrad Enill –
Minister of Energy and Energy Industries

“I think the Secretariat can have a coordinating role in bringing together the knowledge, experience and

certainly the

successes of Member States into some type of forum by which we could possibly determine a CARICOM policy. What we are seeking to do is to deal with the agendas of small island states versus large countries, for example, the method by which we are measuring carbon emissions. The larger countries are talking about it on a per capita basis and we are saying that that is not an appropriate measure for small island states because of the size of the population and because the industrialization that is taking place will not necessarily be the same in the context of per capita. There is therefore an important role for bringing together the countries in the jurisdiction with similar objectives and speaking in the international community with one voice and certainly with one policy. I commend the establishment of the Energy Programme at the CARICOM Secretariat. As Minister of Energy of T&T (which has portfolio responsibility for Energy in CARICOM Quaisi Cabinet) I will be happy to provide any support to advance the work programme of the Energy Unit.”

Minister Charles Savarin, Dominica



Honourable Charles Savarin,
Minister of Ports, Environment, Energy

“The Secretariat needs to develop the capacity to provide technical support. This may be in terms of legal analyses of contracts, proposals, interpretation of existing laws, regulations and

other items that arise. Communication, I think, is a key factor. I believe that all participating member countries can be kept abreast and encouraged to make the inputs to keep the Secretariat informed and abreast of developments. If I want to know what was the cost of electricity say for instance in any CARICOM Member State I should be able to send an email, pick up the telephone and call the Energy Unit and they should be able to tell me.”

Minister Gregory Rusland, Suriname



Honourable Gregory Rusland,
Minister of Natural Resources

“The Caribbean Community Secretariat through the Energy Programme should play a facilitating role in the area of energy as far as the structure is

concerned. . .It must not try to re-invent the wheel, but try to make use of the expertise that exists in the Region, in Suriname, in Trinidad and other parts of the Region. Try also to make use of those structures in order to support the countries that are in lesser position - the smaller nations so that they also have the developments that they need.”



Featured Personality of the quarter



Dr. Indra Haraksingh

Dr. Indra Haraksingh has been a Caribbean Region champion for renewable energy for many years.

She is long time president of the Caribbean Solar Energy Society and serves as a member of the CREDP Project Steering Committee.

As a lecturer within the department of Physics at UWI, her main focus is on pure physics, solar energy, geophysics and earth sciences.

She was honoured with one of six international awards at the Tenth World Renewable Energy Congress (WRECX) held in Glasgow, Scotland in 2008. She was also awarded with the Outstanding Scientist Award-The First Oliver Headley Award in Cologne, Germany, in July 2002. Dr. Haraksingh is a member of the recently launched renewable energy committee in Trinidad and Tobago and is one of the major organisers of the Caribbean Solar Energy Society Sustainable Applications for Tropical Islands States (SATIS) series of conferences, which was started in Barbados in 1994. She is also a driving force behind the success of the Trinidad and Tobago Mathematics Olympiad, which she has been involved in since 2004. *Dr. Haraksingh, we salute you, and wish you continued success*

in assisting to establish a more sustainable energy future in the Caribbean.

CARIBBEAN RENEWABLE ENERGY DEVELOPMENT PROGRAMME (CREDP)

1. CREDP/UNDP has been extended to December 31, 2009 to facilitate primarily the completion of projects under Caribbean Renewable Energy Technical Facility (CRETAF). CRETAF Projects are being implemented in seven countries - Barbados (Biomass), Belize (Hydro), Dominica (Hydro), Guyana (Wind & Hydro), Jamaica (Hydro, Biomass), St Vincent & Grenadines (Hydro) and Suriname (Wind resource assessment). Highlights of CRETAF Projects will be featured in the next publication of [Energy Newsletter](#).



Field visit to CRETAF Project site in Barbados. Visits are done collaboratively between CARICOM Secretariat and UNDP. Shown are Ms Patsy Ross of UNDP and Leighton Waterman of the Energy Unit (partially hidden) with project developers.



Mr. Thomas Scheutzlich has served as Principal Advisor for CREDP/GTZ Component since the commencement of phase 1 in 2003.

2. CREDP / GTZ – Phase 2 is now in its second year and is due to end in March 2012. Greater collaboration and reporting has been established with the CARICOM Energy Programme. Some notable achievements are:

- Formulated energy policies for St. Lucia and St. Vincent & the Grenadines and commented on Energy Sector Policy and Strategy in Jamaica, Dominica and Grenada.

- Assisted the OECS in formulating a sub-regional energy policy.

- Conducted a baseline study of energy

polices and legislation in five CARICOM Member States.

- Studies on more than fourteen hydropower projects in Jamaica, St. Vincent and Dominica and wind projects in St. Lucia, St. Vincent & the Grenadines and Barbados.

- Supported a series of technical seminars on renewable energy.

- A menu of activities has been developed for Phase 2 out of an Operations Planning Workshop held in October 2008 involving all stakeholders.

- Currently supporting the development of a Renewable Energy Policy for Suriname.

ENERGY POLICY IN THE CARIBBEAN, Maxine Nestor, Regional Energy Policy Advisor

Fundamental problem: The overdependence on imported petroleum by most CARICOM countries (Trinidad & Tobago being an exception) has for sometime threatened the sustainability of the energy sector in the Region, especially in light of the volatility of world oil prices. High energy prices stifle economic growth in the region, especially in light of trade policies where the region needs to maintain competitiveness in the production of goods and services. Renewable energy is considered to be the solution to this situation over the long term.

Even though there is vast potential for renewable energy resources in the region the contribution of renewable energy in the energy mix remains marginal despite ongoing initiatives aimed at removing the barriers to renewable energy development. Notwithstanding acceptance by decision makers in the region that diversification of energy sources is fundamental to energy security and mitigation of the impact of global warming on the environment, one major barrier is the lack of approved energy policies at the national level.

Overarching Objective of Energy Policy: National energy policies are critical to the sustainability of energy supplies and should be guided by the following three considerations, viz:

- Security of supply - achieved through increased diversification of sources and energy self-sufficiency, hence reduced dependence on imported energy.

- The economy - reduced dependence on petroleum will decrease the region's vulnerability to increases in oil prices on the world market. Increased efficiency of utilization must also be a focus.

- Protection of the Environment – given the link between

energy use and climate change the focus on sustainable energy is inevitable.

Way forward: The economies of the Caribbean will not be able to survive many more oil shocks similar to that experienced in 2008. Further, there is increased urgency for countries to follow a low carbon path for their development.

Regional policy makers and legislators must therefore continue towards sustainable energy development by utilizing instruments such as policies, legislation and regulation to foster the development and utilization of alternative energy resources and encourage energy efficiency & conservation. In this regard National Energy Policies must be oriented to set the framework and establish realistic targets for increased exploitation and utilization of alternative energy sources. Increased public awareness as well as engagement of citizenry is fundamental to the successful implementation of policies. To this end, Governments may consider holding consultation at a national level with stakeholders across the various sectors before the policies are finalized.

Further, energy policies must create the enabling environment through appropriate regulatory structure, fiscal and tax incentives and technological research and development. This will enhance the prospects of energy developers accessing concessionary financing to reduce the relatively high capital investment associated especially with renewable energy development. National energy policies must be supported by Energy Action and Implementation Plans that define concrete activities, set timeframes and determine responsibilities.

CARICOM ENERGY PROGRAMME TEAM



Joseph Williams
Programme Manager



Maxine Nestor
Regional Energy Policy
AdvisOR (Seconded from CREDP/GTZ)



Nichelle Foo
Administrative Assistant

Key Elements of Short Term Work Programme

1. Projects:
 - Complete CREDP/UNDP Project: Policy assistance and project feasibility.
 - Implement EU-Capacity Support Project: Capacity support in Region.
 - Collaborate on implementation of CREDP/GTZ Phase 2 and other regional initiatives.
2. Regional Energy Policy – Finalize & Implement.
3. Regional Sustainable Energy Roadmap & Strategy – Develop & Implement.
4. Facilitate Coordination of Energy Initiatives & Mobilize Resources for RE development in Member States.

Renewable Energy Information



A new day for Renewable Energy Information in the Caribbean dawned with the launch of Caribbean Information Portal on Renewable Energy, (CIPORE) in April 2009 by the Caribbean Energy Information System (CEIS).

CIPORE is:

- An output from the CREDP Project being executed by CARICOM Secretariat and funded by GEF through UNDP.
- Is a 'one-stop shop' for information on renewable energy in the Caribbean.
- Is a platform for sharing all relevant information on RE in the Region. It allows for direct exchange of views and information e.g. discussion groups, on-line meetings.
- Serves a wide cross section of user groups e.g. students, investors, policy maker, academics.

Information is provided on each of thirteen CREDP participating countries in the CEIS Network. General users are encouraged to provide information to the portal focal points through a simple on-line access system.

Visit CIPORE at : www.cipore.org

FEEDBACK & QUESTIONS



invites readers to submit feedback and questions on issues in CARICOM Energy Sectors via e-mail to:

energy@caricom.org

Bon Voyage Leighton



Leighton Waterman
BSc, MA, MBA

Effective October 2009, Mr. Leighton Waterman resigned from the CARICOM Secretariat/Energy Programme to undertake responsibility for the Sustainable Energy Framework Project in Barbados.

Leighton Waterman has played an instrumental role in the implementation of the CREDP Project from the very beginning (in 2004) in his capacity as Project Associate in the Project Management Unit. His input and contributions in his recent role as Senior Project Officer under the CARICOM Energy Programme since April 2008 have also been invaluable. The CARICOM Energy Unit and the CARICOM Secretariat thank Mr. Waterman for his contributions to CREDP and the Energy Programme and extend heartiest congratulations to him on this achievement and best wishes for future and continued success.

INTERNATIONAL RENEWABLE ENERGY AGENCY (IRENA)

IRENA was launched in 2008. This organization will provide global leadership in renewable energy development. Member States of CARICOM are encouraged to join IRENA. Grenada is the first CARICOM Member States to join IRENA with membership of more than 120 countries. Visit www.irena.org

CARICOM ENERGY UNIT FACILITATING COORDINATION AMONG REGIONAL ENERGY INITIATIVES/PROJECTS

A significant number of energy projects/initiatives in the region, some being done at a regional level while others are at the national level. Coordination is therefore imperative to minimize duplication of effort and garner optimal impact of scarce resources. The Energy Unit has been performing an important role in facilitating this coordination. Early in 2010, the Energy Unit intends to launch a webpage which will include details on regional and national energy projects.

Over the past year, one significant activity of the Energy Unit has been to establish important linkages with players and institutions in the regional energy sector including Ministers whose portfolio include energy. Some of the institutions with which linkages have been established are CARILEC, CAIC, CEIS, OLADE, CCCCC, UWI, OECS Secretariat, OAS, IICA, CDB, IDB, World Bank and OLADE.




Focal Points and Regional Organization representatives at CARICOM CREDP/GTZ Phase II Operations Planning Meeting and Collaboration with OAS' Caribbean Sustainable Energy Project (C-SEP) held in October 2008.

Greetings ...

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the regional energy sector. It has also sought to strengthen its capacity, develop a two-year work programme and focus on completing the work begun by the Caribbean Renewable Energy Development Programme (CREDP).

In assisting the Unit in accomplishing these objectives, I wish to recognize the important contribution of our Development Partners over the years in the Regional energy sector, whose support we welcome given the vital importance of the sector to Regional development.

This  Energy Newsletter will serve as one means of keeping various actors in the Regional Energy Sector aware of developments under the Programme and in the Region. It will also allow for feedback. Please permit me to use this opportunity to encourage everyone in the regional energy sector to maintain active participation and co-operation towards a harmonized approach to maximizing the contribution of this sector to the Community's development.

FUNDING FOR SUSTAINABLE ENERGY PROJECT DEVELOPMENT

ACP-EU Energy Facility Launched its 2nd Funding Cycle
November 4, 2009, Brussels, Belgium:

This 2nd ACP-EU EF worth €200M is divided in 3 sections:

- 1) Call for Proposals (CfP) – €150M [€100M – available Nov 2009, €50M in 2011]
- 2) Support to Energy Governance in the ACP Countries – €3.5M
- 3) EF Pooling Mechanism – €40M
(Remainder for internal technical capacity of the EU Energy and Water Facility, etc).

The overarching goal: *Improving access to energy services for the poor in rural and peri-urban areas.*

Eligibility Criteria for applicants:

1. ACP States, Public and Private Bodies, Civil Society actors and ACP Continental or Regional Organizations may be partners or applicants.
2. All EU Public and Private bodies and Civil Society actors may be partners of applicants.

Components:

- a. Projects to increase access to modern, affordable and sustainable energy services to the poor in rural and peri-ruban areas, focusing on decentralized and renewable energy solutions as well as on energy efficiency measures.
- b. Actions to improve governance and framework conditions in the energy sector at regional, national and local levels, in particular those aimed at promoting renewable energy and energy efficiency.

The application procedure: Project proposal can be submitted in two stages:

- ? (1) The first step is the concept note (due mid January, 2010).
- ? (2) Following clearance by the evaluation committee the applicant will receive the invitation for submission of a detailed proposal (due early June, 2010).

Duration of the Project: Maximum duration of Project: 48 months for both components.

For more information visit: http://ec.europa.eu/europeaid/where/acp/regional-cooperation/energy/index_en.htm

Barbados Solar House

Do you know that all your domestic energy needs could be satisfied through renewable energy? A visit to the Solar house in Barbados will leave you with no doubt about the possibilities of solar power. This two bedroom one bathroom chattel house built in 2007 has twenty (20) roof-mounted 100-Watt photovoltaic (PV) panels with battery backup system designed to provide an average of 60 kWh (units) of electricity per month. In addition to lighting some of the appliances powered are a fridge, microwave, electric kettle, computer, four ceiling fans, an electric iron, a standing fan and an evapo-cooler, TV, DVD and radio. Locally-manufactured solar water heaters provide hot water.

The Solar House in Barbados which is an initiative of the Government of Barbados



The windows are designed with awning to provide protection from direct sunlight.

Highlights on some Regional Initiatives / Projects

Name of project/ programme	Financing by	Implementing Agency	Other partner institutions/ projects	BRIEF DESCRIPTION	Duration	Volume (approx.)
Caribbean Renewable Energy Development Programme (CREDP)	UNDP/GEF; BMZ, ADC	CARICOM Secretariat	CARILEC, OECS, CEIS, CEHI, OAS	Reduction of greenhouse gas emissions by removing barriers to renewable energy development. Create a framework under which regional and national renewable energy projects are mutually supportive. Establish the foundation for a sustainable renewable energy industry.	UNDP/GEF: 2004 – 2009; German Part: (2003 – 2012)	UNDP/GEF: 4.426 Mio USD; German-Part: 7,45 Mio Euro
Capacity Support for Sustainable Management of RE resources in the Caribbean Region (CRECS)	European Union	CARICOM Secretariat	CREDP/GTZ,	Increase of the contribution from RE sources to the overall energy consumption of CARIFORUM countries Support of the Energy Unit of CCS and Member States through capacity building to enabling them to fulfill its tasks; financing of complementary tasks for CREDP.	2010 – 2011	1,5 Mio Euro
Caribbean Sustainable Energy Programme (CSEP)	European Union/ EU EI	OAS/ CARICOM Sec; CARILEC	OECS, CREDP/GTZ	Acceleration of the transition toward cleaner, more sustainable energy use in 7 project countries. Addressing market conditions for development, use and implementation of RE and EE systems. Improvement of energy sector governance and management. Identification & development of sustainable energy projects, in cooperation with the countries, private sector investors/developers, and civil society.	2009 - 2011	1,4 Mio Euro
Caribbean Hotel Energy Action Programme (CHENACT)	IDB-SECCI, CTO, CAST/ CHTA, BMZ/GTZ, UNEP	CAST	CCS/ EU, CREDP/GTZ, OECS, CBD	Improvement of the competitiveness of small and medium hotels in the Caribbean region through improved use of energy. Exploration of the possibilities of obtaining carbon credits through the Clean Development Mechanism (CDM), promotion of the compliance with the Montreal Protocol (phasing out of ODS) and analysis of the possibility to access concessionary funds related to greenhouse gas emission reduction.	2009 - 2010	2,015 Mio USD
Caribbean Sustainable Energy Road Map & Strategy (C-SERMS)		CCS	GVEP, CREDP/GTZ	Proposed: Support of the development of Regional Sustainable Energy Roadmap and Strategy,	2010	
EE and RE project for CARILEC	IDB/ SECCI	CARILEC	CCS/EU, GTZ, OAS, OECS	Provision of support of CARILEC to its utility members on RE and EE initiatives.	2009 - 2012	0.6 Mio USD
Eastern Caribbean Regulatory Authority (ECERA)	World Bank	OECS Secretariat	t.b.d.	Support of foundation and establishment of a regional energy regulatory commission (under preparation)	2009-2010	n.a.

List of Abbreviations: ADC=Austrian Development Cooperation; BE=Bio Energy; BMZ=German Federal Ministry of Economic Cooperation and Development; CARICOM=Caribbean Community; CARILEC=Caribbean Association of Electric Utilities (St. Lucia); CAST=Caribbean Alliance for Sustainable Tourism; CC=Climate Change; CCS=CARICOM Secretariat (Guyana); CCS/EU=CARICOM Secretariat/ Energy Unit; CDB=Caribbean Development Bank; CDM=Clean Development Mechanism; CEHI=Caribbean Environmental Health Centre (St. Lucia); CEIS=Caribbean Energy Information System (Jamaica); CHENACT=Caribbean Hotel Energy Action Programme; CREDP=Caribbean Renewable Energy Development Programme; CSEP=Caribbean Sustainable Energy Project; EE=Energy Efficiency; ESDU=Environment and Sustainable Development Unit (of OECS); EU=European Union; EI=Energy Initiative (of the EU); GEF=Global Environment Facility; GTZ=Deutsche Gesellschaft für technische Zusammenarbeit; GVEP=Global Village Energy Partnership; IDB=Inter-American Development Bank; IICA=Inter-American Institute for Cooperation on Agriculture; OAS=Organization of American States (USA); ODS=Ozone Depleting Substances; OECS=Organization of Eastern Caribbean States (St. Lucia); PV=Photovoltaic; RE=Renewable Energies; SECCI=Sustainable Energy and Climate Change Initiative; SEP=Sustainable Energy Programme (of OECS); TA=Technical Assistance; t.b.d.=to be defined; UNDP=United Nations Development Programme; UNEP=United Nations Environmental Programme; WB=World Bank

Nevis Geothermal Project – Ground Breaking in CARICOM



Hon. Carlisle Powell

The Nevis Geothermal Project is expected to add 10 MW to the grid by the end of December 2010. Exploration commenced in January 2007 following the grant of a Licence to West Indies Power Nevis Limited (WIP). That phase has been successfully completed. In April 2009, Hon. Carlisle Powell, Minister of Communications, Public Works, Public Utilities and Posts, Physical Planning, Natural Resources, and the Environment signed the contract with the developers WIP to solidify the development. A Power Purchase Agreement was also signed between WIP and NEVLEC.

Currently WIP is working towards financial closure to facilitate commencement of phase 1 development at Spring Hill which is expected to produce 10 MW of power. History was also made when the Geothermal Resources Development Ordinance was enacted in July 2008.

At the end of June 2009 the Nevis Administration hosted the first three-day Geothermal Conference in the Caribbean which brought together stakeholders across the region in the Geothermal and energy industry. Other members of the Organization of Eastern Caribbean States are hoping to take advantage of this relatively new technology to meet their energy needs sometime in the future.


TIDBITS

ENERGY - 101: Why are Policies Important for proliferation of Renewable Energy (RE)

Increasing the use of RE is largely an issue of policy. A sustainable future can only be achieved for RE if the market functions effectively and efficiently. Thus, sound economic principles and policies are important. In the long term, it is essential to establish a level playing field in the energy market, free of subsidies (and other barriers such as monopoly on generation), and to internalise external costs. There are two major conditions that bias current markets against RE:

- i. subsidies to conventional energies, and
- ii. lack of accounting for external costs in market conditions, especially prices.

Globally, subsidies for conventional energies is huge (this is also significant in the Caribbean) thus making it significantly more difficult for RE to achieve higher market shares and attain the necessary economies of scale. External costs, including health, safety, security, and environmental, are typically much larger for conventional energies than for RE, and the limited accounting of these costs in the market place works strongly against RE. At the same time, RE provide benefits that are not reflected in energy policies and market conditions, including increased employment, reduced import dependence, and reduced burdens on foreign exchange. The market place should be corrected to reflect the full costs and benefits of all energy options, a process often referred to as “levelling the playing field”.

In addition to levelling the playing field, a favourable climate for RE is needed to overcome high initial costs and additional market distortions (such as lack of information, higher risk perception) and to mainstream RE in the market place. A few CARICOM countries have begun to address this but all still lack the enabling policy framework required to advance renewable energies. Clear overall goals, targets and incentives are necessary creating an environment that is conducive for long-term investments and to provide planning certainty for industrial stakeholders and consumers. Clear rules, roles and responsibilities must be defined at every stage in the supply chain that affects renewable energy to ensure that individual and institutional consumers receive the full benefit and improved level of services that RE can provide. No single policy instrument is appropriate for every application, energy carrier, branch or sub-sector, or socio-political situation. In subsequent issues of  Energy discussion of some of the policy instruments appropriate for the CARICOM region will be examined.

A Shining Success for Renewable Energy Development through Policy Action is the experience of the Barbados Solar Water Heating Industry. Approximately 50,000 solar water heating units have been installed with energy savings to the economy of approximately US \$10M/year. It is overdue for this experience to be replicated in other CARICOM countries.

FINANCIAL CRISIS AND CREDIT CRUNCH IMPACT THE REGIONAL ENERGY SECTOR

The global financial crisis and the credit crunch have had adverse impact on the regional energy sector. Inter alia:

- Some electricity generation projects have been postponed.
- Some projects being developed as part of the Trinidad and Tobago downstream energy sector have been delayed.

REGIONAL RE WORKING GROUPS

1. In September 2008 at the Workshop on Renewable Energy, a working Group consisting of CARICOM Energy Unit, Caribbean Association of Industry & Commerce (CAIC), Association of Caribbean Electric Utilities (CARILEC), University of the West Indies (UWI) Barbados, Organization of Caribbean Utilities Regulators (OCCUR) was formed. This group represents Governments, Private Sector, Electric Utilities, Regulators and Educational institutions. The key Objective is to collaborate, develop and implement strategies to encourage RE even in times of lower oil prices.

2. In June 2009 a workshop on Economic Partnership Agreement (EPA) and establishing links with European Overseas Countries and Territories was held in Guadeloupe. A Working group has been established to catalyse actions. This group which comprises representatives of CARICOM Secretariat Energy Programme, Caribbean Export Development Agency and Private sector groups, has the objective of advancing trade in RE, energy services and technologies.

