



Government of Bermuda

MINISTERIAL STATEMENT

By

**The Hon. Alexa N. H. Lightbourne, JP, MP
Minister of Home Affairs**

**Tabling of the National Electricity Sector Policy 2026,
the Ministerial Direction to the Regulatory Authority and the
Independent Analysis of Electricity Cost Drivers**

25th September 2026

Mr. Speaker,

Today I table three documents in this Honourable House: the National Electricity Sector Policy 2026 in its final form; the Ministerial Direction to the Regulatory Authority that adopts that policy as the statement of Government policy for the electricity sector; and the independent report commissioned by the Ministry of Home Affairs on the drivers of electricity costs in Bermuda. Together they record the body of work this Government has completed since February 2025, the authority on which that work rests, and the independent evidence that affirms its direction.

Mr. Speaker,

The National Electricity Sector Policy 2026 replaces the policy of 2015 and sets the Government's direction for the electricity sector through to 2045. The Ministry opened the consultation draft on 16 April 2026, accepted submissions to 21 May and held a public meeting at St Paul

AME Church Centennial Hall on 18 May. The final policy incorporates that consultation.

The policy is technology agnostic and every resource option is compared on a levelised cost of electricity basis through the Integrated Resource Plan, and lower carbon generation proceeds where it holds or reduces rates against the business as usual case. Affordability is a requirement tied to measurable customer outcomes. The government's policy fixes the 2025 average retail tariff as the reference point against which every future plan is measured.

Mr. Speaker,

The Ministerial Direction tabled today is that legal vehicle for which the government policy is to be sent to the regulator. It is made under sections 4 and 7(1) of the Regulatory Authority Act 2011 and section 8(1), (2) and (3) of the Electricity Act 2016. Section 8(5) of the Electricity Act requires the Authority to act in accordance with a Ministerial direction. Section 15(1) of the Regulatory Authority Act requires the Authority to regulate the sector in accordance with the policies made by the Minister.

The Direction requires the Authority to treat the National Electricity Sector Policy 2026 as the statement of Government policy for its regulatory, planning and licensing functions. The Direction respects the Authority's independence in individual regulatory and licensing decisions.

Mr. Speaker,

The third document is the “Analysis of Electricity Cost Drivers, Recommendations, and Impact Assessment Final Report”, commissioned by the Ministry in 2025, prepared by Castalia, and finalised on 29 July 2026.

Castalia is the consultancy group that designed the framework that governs Bermuda's electricity sector today. Under the former administration, the firm drafted the National Electricity Sector Policy 2015, which Cabinet approved that year. Castalia assisted with the drafting of the Regulatory Authority Act 2011 and the Electricity Act 2016, including the licensing framework and the tariff setting rules, and prepared the assessment of the viability of liquefied natural gas tabled in this House in 2016.

The Ministry commissioned this report at the outset of my term as Minister, in May of 2025. The Ministry thought it important to return to the framework's original architects to identify where practice had departed from design and to test the direction this Government had declared.

Certain matters concerning the 2026 IRP are before the Supreme Court, and I will not address them here. The findings of this report stand apart from those proceedings. The report confirms the statutory division of responsibility on which the Direction tabled today rests: the Minister sets policy for the sector, and the Authority applies it.

Mr. Speaker,

The report confirms what Bermudians experience every month: electricity costs are too high. It estimates an average electricity tariff of approximately 46 cents per kilowatt-hour for the 2026 tariff review period, placing Bermuda among the higher cost electricity systems in the region. These costs place pressure on household budgets, increase business expenses, affect competitiveness and contribute to the wider cost of living.

Castalia's independent assessment finds that there is no single solution to Bermuda's electricity affordability challenge. The principal cost drivers include operating expenditure and depreciation, fuel costs, and the return on the regulated asset base. The report also identifies structural issues in electricity planning, tariff design, distributed generation and licensing that

can place further upward pressure on costs if they are not addressed in a coordinated manner.

Mr. Speaker,

The report finds that delays, duplication of technical work and insufficient alignment between Government policy and sector planning have weakened the present process and increased the risk of avoidable costs and uncertainty.

This reinforces the Government's position that affordability must be established as a clear policy objective before detailed electricity planning begins. Affordability is central to the National Electricity Sector Policy 2026, alongside reliability, resilience, sustainability and energy security. The report records that a standard IRP process completes within 12 to 24 months. Bermuda's last approved plan dates from June 2019. Castalia attributes the length and cost of that process to the absence of clear policy direction at its outset, which forced repeated iterations of scenarios and assumptions at continuing expense to the sector.

Mr. Speaker,

This Government is therefore affirmed in its strategy.

Every industry decision must now align to one energy plan, and that plan must build on the policy released to the public in July of this year and officially tabled today. The tariff, the resource plan, the fuel strategy, the licensing framework and every major investment belong inside that alignment.

Mr. Speaker,

The report also considers the continued growth of distributed generation, particularly rooftop solar. It recognises the potential of distributed generation to reduce costs for participating consumers, support resilience

and advance Bermuda's clean energy objectives. However, this growth must be properly planned and integrated so that grid stability is protected and system costs are shared fairly.

Castalia therefore recommends that distributed generation be more fully incorporated into the IRP, supported by stronger information, appropriate grid assessments and a clearer interconnection process. It also proposes greater certainty in feed-in tariff arrangements for distributed generation, while safeguarding other consumers from excessive or unfair cost shifting. Consumers and Government should be able to understand how the allowed rate of return is determined, how expenditure is assessed and how the Regulatory Authority has satisfied itself that only reasonable, prudent and efficiently incurred costs are recovered through tariffs.

Mr. Speaker,

The report also identifies opportunities to modernise the licensing framework, including clearer legal treatment for third party electric vehicle charging, arrangements for qualifying large users, where these demonstrably serve the public interest and reduce overall system costs.

Mr. Speaker,

Taken together, the findings demonstrate that electricity affordability cannot be delivered through one amendment, one tariff decision or one technology. It requires coordinated policy, regulatory and sector wide reform. Operational efficiency and sound independent regulation remain essential, but Government also has a critical responsibility to provide clear policy direction and ensure that sector planning advances the public interest.

Mr. Speaker,

The Government signalled this direction before the report was written, and each step is on the public record and is held alongside this report.

Mr. Speaker,

The Government will use Castalia's findings to inform the next phase of the Electricity Reform Programme. The recommendations will be considered through the appropriate policy, legal, regulatory and technical processes.

Mr. Speaker,

The people of Bermuda rightly expect electricity reform to produce practical results: greater transparency in how tariffs are determined, better protection from avoidable volatility, more efficient sector planning, fairer allocation of system costs and investment decisions that reflect Bermuda's long-term needs.

Mr. Speaker,

The next step is one energy plan, informed by the Government through policy, to which every tariff, planning and investment decision aligns. The Government will measure every plan against what Bermuda's families paid for electricity in 2025. Affordability is our destination.

Thank you, Mr. Speaker.