



The Ministry of Finance

Ministry of Finance Headquarters

17th July 2025

Mr. Richard Ambrosio
Chief Executive
Regulatory Authority of Bermuda
1st Floor Craig Appin House
8 Wesley Street
Hamilton HM11

Subject: Ministry of Finance Response to the RA 2025-2026 Work Plan and Budget

Dear Mr. Fields,

The Ministry of Finance acknowledges receipt of the Regulatory Authority's (RA) revised proposed Work Plan and Budget for the 2025-2026 fiscal year, dated 17th June 2025.

We are pleased to see that there is no additional cost to the consumer and costs have remained in line with the 24/25 budget for the Energy and Fuel sector, barring a 1.5% inflationary increase. I equally acknowledge the additional cost of bringing the board members back up to the statutory requirement.

The Ministry appreciates that for the Fuel sector the initial workplan means there is a budget deficit for the year, which the Ministry of Home Affairs will approve. If a cashflow shortfall arises due to fuel sector costs, this can be addressed through adjustments to the revenue remitted to the Government.

So that the government is aware of any cash flow implications please provide a quarterly update regarding historic cashflow together with a 3-month forecast, including the amount of funds being held back.

With the Fuel sector pricing and review framework being finalized within the current financial year the RA should produce a 26/27 workplan which includes;

- A new regulatory fee for the Fuel sector. This charge will cover the estimated ongoing costs for the sector together with a recovery of the costs spent to date over a 5-year period.
- A detailed mathematically supported split of overhead costs for Fuel, Electronic Communications and Electricity.

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- A proposal to reduce the charges to the Energy and Telecoms sector based on the revised apportionment above.

If the Fuel sector is not brought under regulation with an associated fee, the Ministry of Finance has assured that it will provide funding to offset any resulting deficit. This letter is intended to provide the comfort needed to move forward. To that end, the Ministry of Finance will approve your 25/26 work plan.

We appreciate the RA's ongoing efforts in regulating Bermuda's electricity, electronic communications and fuel sectors via the agreed initiatives. The Ministry of Finance together with the Ministry of Home Affairs recognized your concern over the reducing litigation fund. If an issue arises which could reduce the fund further, please reach out to the Ministry as soon as possible with full details, so that we can appraise the situation. Equally we look forward to reviewing your strategy document for bringing skills back in-house and reducing your external professional consulting spend.

Yours Sincerely,



The Hon. E. David Burt, JP, MP
Premier and Minister of Finance
Ministry of Finance
Government of Bermuda



Final Report

Work Plan and Budget

REGULATORY AUTHORITY

WORK PLAN 2025-26

FISCAL YEAR

Matter: 20240930

Date: 17 July 2025

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1. EXECUTIVE SUMMARY

1.1 Introduction

The purpose of this proposed 2025-26 Work Plan is to comply with section 43(2) of the Regulatory Authority Act 2011 (**RAA**), which requires the Regulatory Authority of Bermuda (**RA**) to conduct a public consultation regarding its Work Plan for the upcoming financial year. This proposed Work Plan will cover the period of 1 April 2025 through 31 March 2026 and includes a corresponding proposed budget. All figures within this document are denominated in Bermuda Dollars.

The RA's 2024-25 Work Plan and Budget was approved in September 2024, 6 months after its planned approval. The delay in the approval and subsequent modification of projects and activities in the Work Plan and Budget has led to an overall increase in projects and revenue in the Work Plan and Budget for 2025-26.

The projected increase in revenues for the fiscal year 2025-26 is 3%. The Transmission, Distribution and Retail Licence (**TD&R**) Regulatory Authority fee will remain at **\$0.00545/kWh**. The Regulatory Authority Fee for Integrated Communications Operating Licences (**ICOLs**) will remain at **1.650%**.

In the Electricity Sector, the primary activities are: (1) a comprehensive retail tariff review which will assess all costs associated with the generation, transmission, distribution and retailing of electricity to establish the utility's revenue allowance and retail tariffs for 2026 and 2027; and (2) the development of Bermuda's Integrated Resource Plan (**IRP**) with the continued implementation of the short-term plan and updating of the middle to long term plan which will culminate with a revised IRP. A thorough site selection process was carried out to identify areas that could potentially be suitable for offshore wind development and several public engagements were conducted through townhalls. The project is currently awaiting the launch of the Expression of Interest (**EOI**), the first stage of the procurement process.

In the Electronic Communications (**EC**) Sector, the primary focus of the RA will be to conclude the next Market Review for the sector. The outcome of the Market Review will determine whether there are sectoral providers with Significant Market Power on the EC market and whether to impose, modify or withdraw significant market power obligations (*ex ante* remedies). The RA will work with any affected sectoral providers on implementation, monitoring and review of *ex ante* remedies and

conduct enforcement proceedings regarding the remedies if necessary. In addition, the RA will be working on spectrum policy updates, review of Type Approval requirements and the RA's Annual Market Analysis.

In the Submarine Communications Cables sector, the RA will continue to regulate the international submarine communications cable permitting and licensing processes following the enactment of the Submarine Communications Cables Act 2020 (**SCCA**).

In the Fuels Sector, the RA will establish the regulatory framework, including developing and issuing licences, creating a methodology for fuel pricing, and setting and enforcing fair competition rules and guidelines following the enactment of several sections of the Fuels Act 2022. The public will be engaged in public consultations for several of these items.

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

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

- v. Self-Supply Generation Licence provider (greater than 0.5 Megawatts of installed electricity generation capacity) – **to remain** at \$6,500 per Megawatt.
- d) The Electronic Communications Regulatory Authority Fee, relating to Submarine Communications Operating Licences (**SubCOLs**) - **to remain** at 1%.

As an independent regulator, the RA is funded from sectoral fees. Therefore, it is important that the relevant fees are set at the necessary levels that will allow the RA to meet its planned expenditures. Further, fees have been set according to the most relevant cost-drivers of such fees.

The RA proposes to recommend to the Minister of Home Affairs that there should be no increase in the current level of Government Authorization Fees imposed on the Electronic Communications and Electricity sectors under the Government Fees Act 1965.

The RA intends to request that the Minister of Finance approve the RA's proposed budget of \$6,298,000 for total revenues (an increase of 3%) and of total expenditure of \$7,039,691 (an increase of 14.92%) for the fiscal year 2025-26. The budget proposes to set the Regulatory Authority Fees by the sectoral participants in the Electricity and EC sectors to fund the proposed budget.

The onboarding of the Fuel sector as a regulated industry will occur without any fee collection from the Fuel sector during its initial setup phase. Consequently, the RA will operate at a projected loss in FY25–26 for this sector, supported by a guarantee agreement with the Government. The Government has agreed to underwrite the RA's Fuel sector startup costs by allowing the RA to reallocate the balance 'Due to Government' to fund this, thereby mitigating the risk of cross subsidization of the various regulated sectors.

2. STRUCTURE OF WORK PLAN DOCUMENT

Building on the accomplishments of the previous fiscal year, this document sets out the RA's Work Plan for the period 1 April 2025 to 31 March 2026. It includes the RA's major activities that it anticipates undertaking. The Work Plan also details the Proposed Budget and Projected Revenues which support these planned activities.

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

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

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

3. PROPOSED BUDGETS AND FEES

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

3.1 Funding

The RA's costs are to be funded through the payment of the RA Fees which consist of general regulatory fees and service fees. General Regulatory Authority Fees are paid by holders of ICOLs, SubCOLs, Electricity TD&R and Bulk Generation, and Fuel Licences. Service Fees are paid by sectoral participants for specific functions performed by the RA, on a per service basis.¹

The RA proposes to adopt, subject to the approval of the Minister of Home Affairs and the Minister of Finance, a total expenditure budget of \$7,039,691 which consists of an Operating Expenditure of \$ 6,964,691 and a Capital Expenditure of \$75,000.

3.2 Electronic Communications

The RA proposes an increase to the expenditure budget for the Electronic Communications sector for the fiscal year 2025-26. Specifically, an Expenditure Budget of \$2,963,798 is proposed, which is a decrease of \$166,095 (5.3%), when compared to the 2024-25 Approved Budget. However, the RA recommends that the Electronic Communications Regulatory Authority Fee for ICOL holders remain at 1.650%, which will be applied to the ICOL's Relevant Turnover and that the Electronic Communications Regulatory Authority Fee for SubCOL holders remain at 1%, which will be applied to the SubCOL's Relevant Turnover.

3.3 Submarine Communications Cables

The RA recommends that the Submarine Communications Cables Regulatory Authority Fee for service fee for installation permit and for licence application remain at \$1,000 each. The RA also recommends that the annual fee for licence holders remain at \$30,000.

3.4 Electricity

The RA proposes revenue of \$2,958,000 which is less than the Approved Budget for the fiscal year 2024-25 by \$38,000 (1.3%). The following are the fees used to support the Electricity Expenditure Budget for 2025-26:

¹ See section 44(3) of the RAA. Section 2 of the RAA, in turn, defines "sectoral participant" as including a person or entity that provides, uses, or seeks to use goods or services in a regulated industry sector.

- i. Electricity TD&R service provider – no proposed change;
- ii. Utility-Scale Electricity Generation provider (greater than 25 Megawatts of installed electricity generation capacity) – no proposed change;
- iii. Fossil Fuel Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – no proposed change;
- iv. Waste-to-Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – no proposed change;
- v. Renewable Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) – no proposed change; and
- vi. Self-Supply Generation Licence provider (greater than 0.5 Megawatts of installed electricity generation capacity) – no proposed change.

3.5 Fuel

The RA proposes an expenditure budget of \$982,365 for the Fuel sector for the fiscal year 2025-26. The RA will operate at a projected loss in FY25–26 for this sector, supported by a guarantee agreement with the Government.

3.6 Proposals to the Minister of Home Affairs:

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

- That the **Electronic Communications RA Fee** remain at 1.650%, relating to the general regulatory fees;
- That the **Regulatory Authority Fee for SubCOLs** remain at 1%;
- That the **Submarine Communications Cables Regulatory Authority Fee** for installation and licence application fees remain at \$1,000 each.
- That the Submarine Communications Cables Regulatory Authority Fee licence holders fee remain at \$30,000.
- **The General Regulatory Authority Fees** under paragraph 1 of the schedule per the Electricity (Regulatory Authority Fees) Amendment Regulations 2023, payable by the TD&R Service Provider, should **remain at \$0.00545** per kilowatt-hour;
- That there should be no change, in accordance with section 7.2 of this document **in the**

General Regulatory Authority Fees under paragraphs 2 to 6 of the schedule to the Electricity (Regulatory Authority Fees) Regulations 2021, **payable by the Bulk Electricity Generation Providers**;

- That the Service Fees should be set per section 8; and

That there should be **no change in the Government Authorization Fees payable by the Electronic Communications Providers and the Submarine Communications Cables potential and actual licence holders.**

4. BASIS, ROLES, AND RESPONSIBILITIES OF THE RA

4.1 Statutory basis of the RA and funding

The RA is an independent body fully funded by the collection of RA Fees from its sectoral participants in its regulated sectors, which currently include the following:

- i. fees charged to ICOL holders;
- ii. fees charged to SubCOL holders;
- iii. fees charged to the TD&R licensee, which are recoverable from the electricity rate payers;
- iv. fees levied on those entities that operate in the Electricity sector as electricity generation providers;
- v. fees charged to Fuel sector licence holders which are recoverable from fuel customers; and
- vi. fees levied on applicants pursuant to the SCCA.

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

5. OPERATIONAL FUNCTIONS

5.1 Fee collection

During the fiscal year 2025-26, the RA anticipates collecting revenues on behalf of the Government of Bermuda of approximately \$18,366,000 and \$177,000 from the Electronic Communications and Electricity sectors, respectively. These figures have been calculated based on the fiscal year 2024-25 collections.

5.2 Budget

The RA has set its proposed Expenditure Budget for 2025-26 at \$6,964,691. This is on the basis that the RA plans to undertake Electricity, Electronic Communications, Fuel and Submarine Communications Cable related projects and operational activities. Any further regulatory activities would be commensurate with additional funding from the Government of Bermuda or the related sector.

5.3 Revolving Line of Credit

The RA intends to renew its existing Revolving Line of Credit to assist with cash flow management.

5.4 Staff

As the regulatory activities that the RA pursues are specialised and complex, it is important that the RA builds and maintains an appropriate resource and staff base, which includes a focus on ongoing development, in-house training, and succession planning. The staff is composed of three main groups: the technical team, the administrative team, and the legal team. The technical team includes engineers, accountants, and analysts. The administrative team includes personnel for general administration, communications, human resources, and finance. The legal team has both technical and general administrative roles, as it is responsible for developing and interpreting statutory instruments and general legal duties.

5.5 Communications and Stakeholder Engagement

In today's digital age, the public expects clear, accessible, and engaging communication from the organisations they depend on. Given the critical role the RA plays, it is essential for the organisation to continue to proactively inform the public about its mandates and decision-making processes, positioning itself as a trusted regulator and advocate for the public interest. As the RA continues to expand its regulatory oversight, the 2025-26 communications strategy will focus on engaging stakeholders and educating the public about the RA's responsibilities, emphasising the RA's pivotal role as a dedicated steward of Bermuda's regulatory framework. This will be achieved through

consistent, transparent messaging across digital platforms, traditional media, and an optimised website, ensuring every interaction reinforces the RA's commitment to serving Bermuda.

5.6 Regulatory Regime

The Government of Bermuda continues to consider further amendments to the duties of the RA, including adding sectors to its responsibilities. The RA must remain focused on achieving efficiency and effectiveness in its current operations.

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

In the fiscal year 2025-26, the RA will focus on various work streams and projects that support the delivery of value to the public. These include enforcing existing provisions and preventing non-SMP anti-competitive behaviours in the EC sector.

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

5.7 Reporting obligations

Section 53 of the RAA requires a licensee to submit the following:

- a copy of its Annual Report;
- a copy of its annual financial statements and its auditor's report;
- a list of shareholders owning one per cent or more of the total shares in the body corporate, their nationality, the number of shares held by each and whether control of the body corporate is vested in persons possessing Bermudian status within the meaning of the Bermuda Immigration and Protection Act 1956; and
- the percentage of its employees possessing Bermudian status within the meaning of the Bermuda Immigration and Protection Act 1956.

It is critical that the RA robustly enforce this statutory requirement to ensure public confidence in the work of the RA.

The RA will consult with all sectors to establish a calendar aimed at bringing all licensees into compliance. This cross-sectoral project will involve determining the extent to which licensees

compliant with these reporting requirements, developing a staggered calendar for compliance, and driving through compliance through important milestones which are communicated with the sectors following consultation with them.

This project is expected to commence and make extensive progress within the current fiscal year. However, the RA expects such work to continue in 2025-2026.

5.8 Electricity

The 2025-26 Electricity sector work streams are primarily project-oriented and highly focused on modernizing the sector.

i. 2026-27 Retail Tariff Review

The RA will conduct a comprehensive multi-year Retail Tariff Review which will set the allowed revenue and associated rates for 2026 and 2027. The review will also analyse the Bulk Generator Licensees cost to generate electricity and the TD&R Licensee's cost to transmit and distribute electricity, including operation and maintenance, reasonable overhead expenses, administration and other costs. Specifically, the RA will conduct a review of utility capital investment plans, review and monitoring of capital construction projects, review the regulated utility asset registry and an efficiency and performance benchmarking study. We will also establish a new tariff structure in 2025 and monitor their impact on all customers.

ii. IRP Development and Alternative Proposal Evaluation

The RA will evaluate and finalise the analysis and public consultation of the IRP Proposal and alternative generation proposals with the publication of the final version of the IRP. The new IRP will incorporate information from the RA's wind study, solar PV study and creditable industry information. The final IRP will set Bermuda's future electricity strategy, which may include development opportunities for the bulk generation market.

iii. Retail Tariff Review Process

In addition to the General Determination setting out the methodology for arriving at allowed revenue and associated rates (see above noting the current review), the RA will begin to explore whether there needs to be a formalised and legislated process underpinning future editions of the retail tariff review. The expectation here is to set in place a predictable procedural framework for engaging with the TD&R licensee as part of the retail tariff review.

iv. Bulk Generation Sole Use Installation (BGSUI) Licence Framework

The RA will set up the regulatory framework to support the BGSUI Licence as prescribed in

the Electricity Amendment Act 2024. The framework will develop the licence conditions, an application process and a licence evaluation criterion.

v. **Review of Grid Code and Grid Connection Policy**

The RA will review the Grid Connection Policy (GCP) and Grid Code (GC) in accordance with Condition 20 and 22 of the TD&R Licence where the TD&R licensee must periodically review the GC periodically review the Grid Code and its implementation. The RA will review the TD&R's report of the review and any recommended revisions.

vi. **Review of Standard Contract (Small Scale Renewable Energy Generator Interconnection Agreement)**

In 2018, the RA set the template for the Standard Contract; the RA will review the Standard Contract Template for distributed generator and update any conditions which may require points of clarity.

The following are work streams which the RA wishes to progress in the coming years. However, they may be impacted for 2025/26 due to continued financial resource constraints.

i. **Electric Vehicle (EV) Charging Infrastructure Review**

The 2019 Sectoral Review recommended that RA perform a review of the EV charging infrastructure and its regulations. In light of the Bermuda Government's proposed EV transition policy, the RA is advancing the review with the aim to enhance the regulatory framework to support the transition to EVs in Bermuda.

ii. **Innovation Licence Framework**

The RA will set up the regulatory framework to support the Innovation Licence as prescribed in the Electricity Amendment Act 2022 and the Electricity (Innovative Licence) Regulations 2023. The framework will include consultation with relevant stakeholders to develop the licence conditions, application process and monitoring the performance of the licensees.

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

The RA previously progressed site selection for utility scale solar PV, re-evaluating all known-to-be-available government/quango-controlled lands. Subject to Government approval, this project anticipates a major undertaking to solicit interest on all agreed lands as a single project, in which data suggests consolidating all lands under a single project will minimize energy production costs and thus maximize value to consumers. The RA will run the solicitation process under the BG Procurement Rules and in alignment with the IRP's goals.

If successful, this project will add significant renewable energy generation capacity to the Bermuda's energy mix.

viii. Electricity Sector Retail Tariff Stabilisation Review

Per the Ministerial Direction, the RA had planned to conduct a review of the structure of the electricity industry to conclude with a report to the Minister of Home Affairs on policy recommendations to assist in stabilising tariffs.

5.9 Electronic Communications

In the fiscal year 2025-26, the RA will continue to focus on monitoring the electronic communications sector and on enforcing the regulations that have been established. Some of the major work streams will include:

i. Market Review

The EC Market Review preparatory process that was started in summer 2023 will be continued in fiscal 2024/25. The process is scheduled to be completed in the summer of 2025 in advance of the statutory deadline (as extended by the Minister) of 1 September 2025. The EC Market Review is intended to assist the RA in assessing if there are sectoral providers with SMP in a relevant market or markets, in-addressing issues such as the efficiency of SMP remedies currently in place (and potential alternative options that may be relevant to this market) should they still be required, market strengths and weaknesses, retail pricing, and making any recommendations deemed appropriate to the Minister.

ii. Market Review Remedy Implementation and Management

As a result of the EC Market Review that is due to be completed in the summer of 2025, the RA may make an administrative determination imposing one or more *ex ante* remedies if it concludes that such remedy or remedies are necessary to prevent or deter anti-competitive effects that are or are likely to be caused by the presence of SMP in a relevant market. The RA will work with the sectoral providers that are affected to ensure that implementation of any such remedies is done as rapidly as possible. The efficacy of the remedies will require the RA to monitor, review and enforce if necessary.

iii. Radiofrequency (RF) Study

As part of the ongoing monitoring of spectrum in Bermuda, the RA will conduct an in- house RF Study in 2025/6 to continue monitoring RF in use in Bermuda. This RF Study is intended to capture the impacts of the new radiofrequency networks implemented by ICOL holders over the last 2-3 years. The results of this RF study will be made available on the RA's website

once completed.

iv. Spectrum Policy Updates

The RA intends on carrying out a number of spectrum initiatives in 2025/26 including:

1. Developing and where necessary recommending updates to the Minister's Spectrum Policy including a review of the High Demand Spectrum bands noting the changes with respect to newer 5G bands
2. Advisory guidelines for efficient use of spectrum by licence holders
3. Advisory guidelines for Pre and Post Commissioning verification checks for radiofrequency installations

v. Annual Market Analysis

As part of the RA's ongoing efforts to monitor the sector, the RA will conduct the next annual Market Analysis (covering calendar 2024) and publish market data from the sectoral providers. This analysis will be published in a report format to provide the public with further insight into the sector.

vi. Type Approval (Section 50 of the ECA)

The RA intends to review the Type Approval requirements as set out in section 50 of the ECA. Technology has changed significantly since the introduction of the ECA (and the previous legislation under the Telecommunications Act 1986). The current legislation may need to be adjusted to reflect the changes in technology (in particular the prevalence of Wi-Fi functionality in Internet-of-Things (IoT) devices).

The RA also intends on reviewing the fee structure for type approvals including options for single (personal) use, commercial use and exemptions.

5.10 Submarine Communications Cables

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

The RA intends to carry out a sectoral review of the Submarine Communications Cables sector in 2025/26.

5.11 Fuel Sector

Following the enactment of the Fuels Act 2022 and Fuels Regulations the RA has added fuels regulation to its portfolio. Work in this new sector will focus on establishing a regulatory framework for the sector including:

- licensing, including issuance, modification, and revocation;
- establishing and implementing fuel pricing methodologies including a cost of service study and WACC assessment;
- assessment of fuel purchasing strategies;
- setting service standards, competition rules and consumer protection as necessary;
- recommending government fees, duties, and regulatory fees;
- establishing technical and financial minimum filing/ reporting requirements,
- establishing administrative determinations and policy documents aligned with legislation and regulations; and
- implementing a transition plan to establish the new regulatory regime.

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

6. PROPOSED BUDGET AND PROJECTED REVENUES

This section sets out the RA's proposed expenditure budget, proposed Regulatory Authority Fees and the projected revenue for the fiscal year 2025-26.

6.1 Proposed Expenditure Budget for 2025-26

Subject to the approval of the Minister of Finance, the RA proposes to adopt a total expenditure budget of \$6,964,691 for the fiscal year 2025-26.

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

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

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

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

General expenses are split on a 40/40/20 basis between the Electronic Communications, Electricity and Fuel sectors, respectively, except for sector-specific designated expenses. Staff members who work solely in one sector have the totality of their payroll and benefits allocated to that specific sector. The split between three sectors will result in synergies, reducing the common costs allocated to the Electronic Communications and Electricity sectors once the legislation has been brought into force and the new regulatory framework established. The projected expenses for 2025-26 are set out in Table 1 below.

TABLE 1

	Electronic Communications	Electricity	Fuel	Total 2025-26	Total 2024-25
REVENUE					
RA Fees	3,340,000	2,958,000	-	6,298,000	6,126,000
Total Revenue	3,340,000	2,958,000	-	6,298,000	6,126,000
OPERATING EXPENSES					
Employee expenses					
Employee salaries	1,402,000	1,158,000	186,000	2,746,000	2,711,000
Employee benefits ²	374,000	374,000	54,000	802,000	696,000
Employer payroll tax	148,000	148,000	22,000	318,000	200,000
Sub total	1,924,000	1,680,000	262,000	3,866,000	3,607,000
Commissioners' expenses					
Honoraria	159,923	159,923	76,154	396,000	324,000
Commissioners' training	-	-	-	-	27,000
Commissioners' payroll tax	22,000	22,000	11,000	55,000	46,000
Sub total	181,923	181,923	87,154	451,000	397,000
Other expenses					
Consulting Services	344,000	640,099	593,000	1,577,099	913,000
Provision for Mediation & Litigation	4,000	4,000	-	8,000	150,000
Office Space	197,865	197,865	20,828	416,557	428,908
Office Services	150,509	147,141	13,383	311,034	286,269
Employee training and related expenses	107,000	107,000	-	214,000	169,500
Communications	17,000	23,000	6,000	46,000	40,000
Subscriptions	32,500	32,500	-	65,000	39,110
Meetings & Conferences	5,000	5,000	-	10,000	5,000
Finance Costs	-	-	-	-	-
Sub total	857,874	1,156,605	633,211	2,647,690	2,031,787
TOTAL OPERATING EXPENSES	2,963,798	3,018,529	982,365	6,964,691	6,035,786
Furniture & Fittings	2,375	2,375	250	5,000	5,000
Office Equipment	4,750	4,750	500	10,000	10,000
Computers & Software	26,125	26,125	2,750	55,000	20,000
Electronic Communications Equipment	-	-	-	-	50,000
Leasehold Improvements	2,375	2,375	250	5,000	5,000
TOTAL CAPITAL EXPENDITURE	35,625	35,625	3,750	75,000	90,000
TOTAL EXPENDITURE	2,999,423	3,054,154	986,115	7,039,691	6,125,786

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

Please refer to Appendix A for a detailed breakdown of the Electronic Communications and Electricity expenditure budgets for the fiscal year 2025-26, including prior year comparison.

6.2 Proposed Fees and Projected Revenue

The RA has implemented measures to ensure that costs are prudently managed at all times across the various cost centres.

Please note that all fees are subject to requirement of section 44(14) of the RAA:

In the event that the regulations to be made by the Ministers pursuant to this section have not come into effect by the start of a financial year, the Regulatory Authority fees in effect during the prior financial year shall remain in effect, as adjusted based on the change in the Consumer Price Index from the prior financial year, until such time as the Ministers make, and the Legislature approves, regulations setting the Regulatory Authority fees for the balance of the financial year.

In the event that such regulations are not effected by the start of the next fiscal year, sectoral participants should be aware that these increases will take effect by operation of law.

i. Electronic Communications sector

As previously mentioned, the **RA recommends that the Electronic Communications Regulatory Authority Fee for ICOLs remain at 1.650%**, which will be applied to the ICOL's Relevant Turnover and that the implemented Electronic Communications Regulatory Authority Fee for SubCOLs **remain at 1%**, which will be applied to the SubCOL's Relevant Turnover. This will generate estimated revenues of approximately \$3,340,000 for the RA, based on the anticipated annual relevant turnover for 2025-26.

The RA also intends to recommend to the Minister of Home Affairs that there should be **no change to the existing 3.5% Government Authorization Fees imposed on the Electronic Communications industry** under the regulations. Therefore, the projected revenues for 2025- 26 are set out in Table 2 below.

TABLE 2

	Regulatory Authority	Government
Electronic Communications	3,340,000	7,100,000
Spectrum Fees	-	3,121,000
Radio Communications Licences	-	140,000

Handset Fees	-	8,005,000
TOTAL	3,340,000	18,366,000

ii. Electricity sector

With regard to section 3.3, point (i) above, the RA notes the following:

The fees imposed on the TD&R service provider represents the majority of the Electricity Regulatory Authority Fees. The RA's estimated TD&R revenues for the fiscal year 2025-26 is based on the estimated total kWh sales during the fiscal year taking into account the GDP growth outlook for the fiscal year 2025-26. The RA notes that the TD&R service provider may recover the fees payable as set out under paragraph (3) of the Schedule to the Electricity (Regulatory Authority Fees) Amendment Regulations 2023 by a dedicated charge to the end- user.

The RA intends to recommend to the Minister of Home Affairs that there should be **no increase in the General Regulatory Fees under paragraph 1 of the Schedule to the Electricity (Regulatory Authority Fees) Amendment Regulations 2023 for TD&R Service Provider.**

With regard to section 3.3, points (ii to vi), the RA notes the following:

The RA's estimated Bulk Electricity revenues for the fiscal year 2025-26 are based on the estimated planned installed power capacity during the fiscal year. The RA intends to recommend to the Minister of Home Affairs that there should be **no change in the General Regulatory Fees under paragraphs 2 to 5 of the Schedule to the Electricity (Regulatory Authority Fees) Regulations 2021, payable by the Bulk Electricity Generation Providers.**

The RA also intends to recommend to the Minister of Home Affairs that there should be **no change in the current Government fees imposed on the Electricity sector** under the Government Fees Act 1965. The projected revenues for 2025-26 are set out below in Table 3.

TABLE 3

	Regulatory Authority	Government
Transmission, Distribution & Retail	4,371,900	102,000
Utility Scale Bulk Electricity Generation	143,300	70,000
Waste-to-Energy Bulk Electricity Generation	16,800	-

Renewable Energy Bulk Electricity Generation	9,000	5,000
TOTAL	2,958,000	177,000

6.3 Description of Budget Categories

Operational Expenses

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

- **Staff:** This category includes the salaries and benefits for the staff.
- **Commissioners:** This category includes the honoraria, payroll taxes and training for the RA Commissioners.
- **Office Space:** This category includes the rent, service charge, taxes, utilities, and insurance associated with leasing a 7,762-square foot office on the 1st Floor, Craig Appin House, 8 Wesley Street, Hamilton. Also included are the associated internet, mobile communications, repairs and maintenance, security, and telephone expenses.
- **Office Services:** This category includes bank charges, cleaning, copier maintenance, financial audit, general office supplies, IT service support, kitchen supplies, postage and delivery and stationery expenses.
- **Operating Costs:** This category includes the following sub-categories:
 - **Employee Training and Related Expenses:** This sub-category includes the cost of essential training and workshops for members of staff to attend industry specific training to gain insight into global best practices, staff recruitment and work permits.
 - **Consulting Services:** This sub-category includes the costs associated with the legal, regulatory, and technical support that the RA will require in connection with the activities to be carried out in its 2025-26 Work Plan.
 - **Meetings and Conferences:** This sub-category includes costs that the RA will incur to conduct, attend and/or participate in meetings and conferences to remain informed of global best practices, map out infrastructure needs with industry experts, other regulators and foster new relationships.
 - **Subscriptions:** This sub-category includes the cost of membership organisations,

books, periodicals, and subscriptions that RA staff will require to remain abreast of industry events and trends.

- **Communications:** This sub-category includes publicizing public consultations, costs to maintain the RA's website, education and awareness campaigns, marketing and advertising, placement of notices in local publications and media related initiatives in relation to regulatory matters.
- **Provision for Litigation, Mediation & Enforcement:** This sub-category makes provision for costs related to adverse and/or consumer-interest-protective proceedings, including litigation, in which the RA is involved. It also provides for costs of enforcement proceedings conducted by the RA.
- **Finance Costs:** This sub-category includes finance costs in relation to bank lending facilities or active lines of credit.

- **Capital Expenditures:** The following categories consist of one-time expenses of \$75,000 or more which are required to enable the RA to facilitate its operations:
 - **Furniture and Fittings:** This category includes the capitalized cost of furniture and fittings for the RA's offices.
 - **Office Equipment:** This category includes the capitalized cost of office equipment, such as copier and miscellaneous office equipment.
 - **Computers and Software:** This category includes the capitalized cost of the internal computer network, computers, and software for the RA's offices.
 - **Electronic Communications Equipment:** This category includes the capitalized cost of new specialized radio spectrum equipment.
 - **Property Plant and Equipment:** This category includes the capitalized cost of property, plant, and equipment.

7. SERVICE FEES

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

Please note that all fees are subject to requirement of section 44(14) of the RAA:

In the event that the regulations to be made by the Ministers pursuant to this section have not come into effect by the start of a financial year, the Regulatory Authority fees in effect during the prior financial year shall remain in effect, as adjusted based on the change in the Consumer Price Index from the prior financial year, until such time as the Ministers make, and the Legislature approves, regulations setting the Regulatory Authority fees for the balance of the financial year.

In the event that such regulations are not effected by the start of the next fiscal year, sectoral participants should be aware that these increases will take effect by operation of law.

TABLE 4

Electricity	
Administration Fees	Proposed Fee
- Application for Bulk Generation Licence (25MW or above)	\$46,000
- Application for Bulk Generation Licence (less than 25MW)	\$28,800
- Application for TD&R Licence	\$46,000
- Application for Large Self-Supply Licence	\$17,300
- Concentration Review	\$28,800
- Change of Control / Licence Transfer or Assignment	\$8,700
- Bulk Generation Proposal Review ³	\$11,500

³ This applies to both competitive tenders and unsolicited proposals.

- Large-Scale Self-Supply Licence	\$17,300
- Bulk Generation Solicitation of Interest ⁴	\$11,500

TABLE 4 (continued)

Electronic Communications	
Administration Fees	Proposed Fee
- Application for ICOL	\$97,800
- Application for COL	\$2,900
- Application for HDS Spectrum	\$17,300
- Application for Commercial Non-HDS Spectrum	\$5,800
- Application for Licence Exemption	\$400
- Concentration Review	\$28,800
- Change of Control / Licence Transfer or Assignment	\$8,700

Inspection Fees
- Network Interference Investigation
- Radio Frequency Hazard Analysis

Type Approval under section 50 of the ECA	
- Equipment manufacturer - For any manufacturer looking to allow their device to be used in Bermuda.	\$200 per model plus \$50 administration fee
- Sectoral Provider - For any sectoral provider seeking to lease equipment to customers (eg 2 way radios)	\$200 per model plus \$50 administration fee
- Equipment reseller (direct from manufacturer) - For any equipment reseller looking to import multiple units and sell them commercially	\$200 per model plus \$50 administration fee
- Equipment reseller (from 3rd party) - For any equipment reseller looking to import multiple units and sell them commercially	\$25 per model plus \$25 administration fee
- Individual importer - For any individual importer that is not importing a device for commercial sale and is importing less than 10 units	\$100 per model plus \$25 administration fee
- Bermuda Government Services - Exempt from fee	\$0

⁴ This fee is to assist in recovering the costs associated with operating a procurement process.

payment but still required to file a Type Approval request to ensure interference/compatibility checks are carried out	
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Radio Class Licence Fees under Head 76 of the Government Fees Regulations 1976	
- Stock licence Administration Fee	\$25
- Class 1 licence Administration Fee	\$100
- Class 2 licence Administration Fee	\$25
- Class 3 licence Administration Fee	\$25
- Class 4 licence Administration Fees	
(i) repeater station	\$25
(ii) base station	\$25
(iii) Mobile station (other than a cellular telephone)	\$0
(iv) Cellular telephone (fee is per month)	\$0
(v) Multiple units (regardless of number)	\$100
- Class 5 licence Administration Fee	\$25
- Class 6 licence Administration Fee	\$25
- Class 7 licence Administration Fee	\$25
- Class 8 licence Administration Fee	\$25
- Class 9 licence Administration Fee	\$25
- Class 11 licence Administration Fee	\$25

Submarine Communications Cables	
Administration Fees	Proposed Fee
New System Licence application under the SCCA	
Regulatory Authority Fee – Licence Application Fee	\$1,000
Government Authorization Fee – Licence Application Fee Non-refundable under SCCA section 15 read with section 58	\$1,000
Regulatory Authority Fee – Licence Consultancy Deposit Refundable less incurred cost. May be increased by order to cover any additional costs required to evaluate the application per SCCA section 57	\$35,000

Government Authorization Fee for the right to have the submarine cable in the protection zone for the duration of the licence (maximum 25 years)	\$412,500
New system Installation permit application under the SCCA	
Regulatory Authority Fee – Installation permit application fee Non-refundable fee for cable developer seeking an installation permit for section 14 or section 45 of the SCCA	\$1,000
Government Authorization Fee – Installation permit application fee Non-refundable fee for cable developer seeking an installation permit for section 15. Applies to all new submarine communications cables or extension under section 45 of the SCCA	\$1,000
Regulatory Authority Fee – Protection Zone Installation Permit – Consultancy Deposit Refundable less incurred cost. May be increased by order to cover any additional costs required to evaluate the application under SCCA section 31	\$50,000
New System annual licence fees for transit only systems under the SCCA	
Regulatory Authority – Annual Licence fee Per SCCA section 65	\$30,000
Annual Government Authorization Fee for a licence Per SCCA section 65. Applies to all new submarine communications cables	\$30,000
New system annual licence fees for transit systems and domestic service under the ECA	
Regulatory Authority Fee – Annual Licence Fee Per SCCA section 65	\$30,000
Government Authorization Fee – Annual Licence Fee Per SCCA section 65 and applies to all new submarine communications cables	\$30,000

APPENDIX A – BUDGET BREAKDOWN BY SECTOR

i. Electronic Communications

To provide a prior year comparison for the Electronic Communications sector, the RA's proposed Electronic Communications expenditure budget for fiscal year 2025-26 is set out below in Table 5.

The RA's proposed Electronic Communications total expenditure budget for fiscal year 2025-26 increases by \$127,942 (4%) when compared to its approved expenditure budget for the fiscal year 2024-25. Common costs have been allocated on a 40/40/20 split between the Electronic Communications, Electricity and Fuel sectors except for sector-specific designated expenses.

There are savings in expense line items such as employee expenses, office space and office services as a result of the split of common costs over three sectors instead of two, however, the 4% rise in expenditure of the EC budget is predominately attributed to:

- A \$32,800 increase in employer payroll tax expense. The New Hire Relief concession offered by the Government has been extended to March 31, 2026, however, the baseline year for eligibility has been adjusted from 2018 to 2022. In 2025-26, the RA will pay the employer portion of payroll tax for the majority of employees compared to a vastly smaller number in 2024-25.
- a \$250,000 increase in provisions for mediation, litigation, and enforcement driven by anticipated consumer interest protective litigation costs.

TABLE 5: Electronic Communications Budget Prior Year Comparison

	2025-26	2024-25	Increase/ (Decrease)
REVENUES	3,340,000	3,130,000	210,000
OPERATING EXPENSES			
Employee expenses			
Employee salaries	1,402,000	1,450,000	-48,000
Employee benefits	374,000	348,000	26,000
Employer payroll tax	148,000	100,000	32,800
Sub total	1,924,000	1,898,000	26,000
Commissioners' expenses			
Honoraria	159,923	162,000	-2,077
Commissioners' training	0	13,500	-13,500
Commissioners' payroll tax	22,000	23,000	32,800
Sub total	210,400	198,500	11,900
Other expenses			
Consulting Services	344,000	379,000	-35,000
Provision for Mediation & Litigation	4,000	100,000	-96,000
Office Space	197,865	214,454	32,800
Office Services	150,509	143,134	7,375
Employee training and related expenses	107,000	84,750	22,250
Communications	17,000	20,000	32,801
Subscriptions	32,500	19,555	12,945
Meetings & Conferences	4,000	2,500	1,500
Sub total	856,874	963,393	-106,519
TOTAL OPERATING EXPENSES	2,963,798	3,059,893	-96,095
TOTAL CAPITAL EXPENDITURE	35,625	70,000	-34,375
TOTAL EXPENDITURE	2,999,423	3,129,893	-130,470

ii. **Electricity**

The RA's proposed Electricity Expenditure Budget for fiscal year 2025-26 is set out in Table 6 below, as compared to the prior year. The RA's proposed total Electricity Expenditure Budget for the fiscal year 2025-26 increased by \$1,545,000 (52%) when compared to its approved expenditure budget for the fiscal year 2024-25. Common costs have been allocated on a 40/40/20 split between the Electronic Communications, Electricity and Fuel sectors except for sector-specific designated expenses.

Although there are cost savings in certain expense items due the split of common costs amongst three sectors vs. two there is a 51% rise in expenditure of the Electricity budget. This is predominately attributed to:

- a \$32,800 increase in employer payroll tax expense. The New Hire Relief concession offered by the Government has been extended to March 31, 2026, however, the baseline year for eligibility has been adjust from 2018 to 2022. In 2025-26, the RA will pay the employer portion of payroll tax for the majority of employees compared to a vastly smaller number in 2024-25.
- a \$520,000 increase in provisions for mediation, litigation, and enforcement driven by anticipated consumer interest protective litigation costs.
- A \$1,056,868 increase in consulting service largely due to consulting fees in relation to Government driven Ministerial Directives.

TABLE 6: Electricity Budget Prior Year Comparison

	2025-26	2024-25	<i>Increase/ (Decrease)</i>
REVENUES	2,958,000	2,996,000	-38,000
OPERATING EXPENSES			
Employee expenses			
Employee salaries	1,158,000	1,261,000	-103,000
Employee benefits	374,000	348,000	26,000
Employer payroll tax	148,000	100,000	48,000
Sub total	1,680,000	1,709,000	-29,000
Commissioners' expenses			
Honoraria	158,400	162,000	-3,600
Commissioners' training	0	13,500	-13,500
Commissioners' payroll tax	22,000	23,000	-1,000
Sub total	210,400	198,500	11,900
Other expenses			
Consulting Services	640,099	534,000	106,099
Provision for Mediation & Litigation	400	50,000	-49,600
Office Space	197,865	214,454	-16,589
Office Services	150,509	143,135	7,374
Employee training and related expenses	107,000	84,750	22,250
Communications	23,000	20,000	3,000
Subscriptions	32,500	19,554	12,946
Meetings & Conferences	5,000	2,500	2,500
Sub total	1,156,373	1,068,393	87,980
TOTAL OPERATING EXPENSES	3,018,529	2,975,893	42,636
TOTAL CAPITAL EXPENDITURE	35,625	20,000	15,625
TOTAL EXPENDITURE	3,054,154	2,995,893	58,261

APPENDIX B - REQUEST TO APPROVE THE RA'S BUDGET FOR FISCAL YEAR 2025-26

Pursuant to sections 43(3) and 43(4) of the RAA, the RA proposes to request that the Minister of Finance, after making any modifications to the budget proposed by the RA deemed necessary and proper, issue a decision approving the RA's proposed expenditure budget totalling \$9,902,583 for the fiscal year 2025-26 as set out in [TABLE 1](#).

APPENDIX C – RECOMMENDATION TO MAKE A REGULATION REGARDING RA FEES

Pursuant to section 44(1) of the RAA, the RA hereby propose to recommend that the Minister of Home Affairs make a regulation ensuring that during fiscal year 2025-26 the RA Fees to be paid by:

- i. ICOL holders remain at 1.650% of Annual Relevant Turnover;
- ii. SubCOL holders remain at 1% of Annual Relevant Turnover;
- iii. the Transmission, Distribution and Retail Service Provider to remain at \$0.00545 per kilowatt-hour sold;
- iv. Utility Scale Electricity Generation providers (greater than 25 Megawatts of installed electricity generation capacity) remain at \$1,000 per Megawatt per annum of installed electricity generation capacity;
- v. Fossil Fuel Bulk Electricity Generation providers (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity remain at \$1,500 per Megawatt per annum of installed electricity generation capacity;
- vi. the Waste-to-Energy Bulk Electricity Generation provider (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) remain at \$1,500 per Megawatt per annum of installed electricity generation capacity;
- vii. Renewable Energy Bulk Electricity Generation providers (greater than 0.5 Megawatts but less than 25 Megawatts of installed electricity generation capacity) remain at \$1,500 per Megawatt per annum of installed electricity generation capacity;
- viii. Self-supply Generation Licence provider (greater than 0.5 Megawatts of installed electricity generation capacity) remain at \$6,500 per Megawatt; and
- ix. The Fuel Regulatory Authority Fee be set to \$0.0199 per litre sold;

Pursuant to Section 44(1) of the RAA, the RA hereby proposes to recommend that the Minister of Home Affairs make a regulation to establish the recommended Service Fees per section [7](#) of this Report.

APPENDIX D – RECOMMENDATION REGARDING GOVERNMENT AUTHORIZATION FEES

Pursuant to Section 52(2) of the RAA, the RA hereby submits the following recommendations to the Minister of Finance regarding the Government Authorization Fees to be adopted for fiscal year 2025-26 that there be:

1. No change to the Government Authorization Fees related to the Electronic Communications sector for the 2025-26 year;
2. No change to the Government Authorization Fees related to the Electricity sector for the 2025-26 year, and
3. No change to the Government Authorization Fees related to the Submarine Cable Communications sector for the 2025-26 year.

APPENDIX E – RECOMMENDATION REGARDING REGULATORY AUTHORITY SERVICE FEES

Pursuant to section 44(3) of the RAA, the RA hereby proposes to recommend that the Minister of Home Affairs make a regulation ensuring that during fiscal year 2025-26, RA Service Fees are set as follows:

Electricity	
Administration Fees	Proposed Fee
- Application for Bulk Generation Licence (25MW or above)	\$46,000
- Application for Bulk Generation Licence (less than 25MW)	\$28,800
- Application for TD&R Licence	\$46,000
- Application for Large Self-Supply Licence	\$17,300
- Application for BGSUI Licence	\$ 5,000
- Concentration Review	\$28,800
- Change of Control / Licence Transfer or Assignment	\$8,700
- Bulk Generation Proposal Review	\$11,500
- Large-Scale Self-Supply Licence	\$17,300
- Bulk Generation Solicitation of Interest	\$11,500

Electronic Communications	
Administration Fees	Proposed Fee
- Application for ICOL	\$97,800
- Application for COL	\$2,900
- Application for HDS Spectrum	\$17,300
- Application for Non-HDS Spectrum	\$5,800
- Application for Licence Exemption	\$400
- Concentration Review	\$28,800
- Change of Control / Licence Transfer or Assignment	\$8,700
Inspection Fees	
- Network Interference Investigation	\$1,800
- Radio Frequency Hazard Analysis	\$600

Type Approval under section 50 of the ECA		
- Equipment manufacturer - For any manufacturer looking to allow their device to be used in Bermuda.	\$200 per model plus \$50 administration fee	
- Sectoral Provider - For any sectoral provider seeking to lease equipment to customers (eg 2 way radios)	\$200 per model plus \$50 administration fee	
- Equipment reseller (direct from manufacturer) - For any equipment reseller looking to import multiple units and sell them commercially	\$200 per model plus \$50 administration fee	
- Equipment reseller (from 3rd party) - For any equipment reseller looking to import multiple units and sell them commercially	\$25 per model plus \$25 administration fee	
- Individual importer - For any individual importer that is not importing a device for commercial sale and is importing less than 10 units	\$100 per model plus \$25 administration fee	
- Bermuda Government Services - Exempt from fee payment but still required to file a Type Approval request to ensure interference/compatibility checks are carried out	\$0	

Radio Class Licence Fees under Head 76 of the Government Fees Regulations 1976		
- Stock licence Administration Fee		\$25
- Class 1 licence Administration Fee		\$100
- Class 2 licence Administration Fee		\$25
- Class 3 licence Administration Fee		\$25
- Class 4 licence Administration Fees		
(i) repeater station		\$25
(ii) base station		\$25
(iii) Mobile station (other than a cellular telephone)		\$0
(iv) Cellular telephone (fee is per month)		\$0
(v) Multiple units (regardless of number)		\$100
- Class 5 licence Administration Fee		\$25
- Class 6 licence Administration Fee		\$25
- Class 7 licence Administration Fee		\$25
- Class 8 licence Administration Fee		\$25
- Class 9 licence Administration Fee		\$25
- Class 11 licence Administration Fee		\$25

Submarine Communications Cables	
Administration Fees	Proposed Fee
New System Licence application under the SCCA	
Regulatory Authority Fee – Licence Application Fee	1,000
Government Authorization Fee – Licence Application Fee Non-refundable under SCCA section 15 read with section 58	1,000
Regulatory Authority Fee – Licence Consultancy Deposit Refundable less incurred cost. May be increased by order to cover any additional costs required to evaluate the application per SCCA section 57	35,000
Government Authorization Fee for the right to have the submarine cable in the protection zone for the duration of the licence (maximum 25 years)	412,500
New system Installation permit application under the SCCA	
Regulatory Authority Fee – Installation permit application fee Non-refundable fee for cable developer seeking an installation permit per section 14 or section 45 of the SCCA	1,000
Government Authorization Fee – Installation permit application fee Non-refundable fee for cable developer seeking an installation permit per section 15. Applies to all new submarine communications cables or extension under section 45 of the SCCA	1,000
Regulatory Authority Fee – Protection Zone Installation Permit – Consultancy Deposit Refundable less incurred cost. May be increased by order to cover any additional costs required to evaluate the application under SCCA section 31	50,000
New System annual licence fees for transit only systems under the SCCA	
Regulatory Authority – Annual Licence fee Per SCCA section 65	30,000
Annual Government Authorization Fee for a licence Per SCCA section 65. Applies to all new submarine communications cables.	30,000
New system annual licence fees for transit systems and domestic service under the ECA	
Regulatory Authority Fee – Annual Licence Fee Per SCCA section 65	30,000
Government Authorization Fee – Annual Licence Fee Per SCCA section 65 and applies to all new submarine communications cables	30,000

APPENDIX F – SUMMARY OF RESPONSES TO WORK PLAN CONSULTATION

Section 43(2) of the RAA requires the RA to initiate a public consultation regarding its Work Plan for the upcoming financial year not later than six months before the commencement of each financial year. Pursuant to this obligation, the consultation on the Work Plan 2025-26 (the **Work Plan Preliminary Report**) was published by the RA on 31 December 2024. Interested third parties were invited to respond to the Preliminary Report by 1 February 2025 (the **Comment Period**).

During the Comment Period, the RA received no responses on the Work Plan Preliminary Report.

The RA's Work Plan Preliminary Report sets out the RA's Work Plan for the period 1 April 2025 to 31 March 2026. It provides details on the consultation procedures and the legislative context under which the consultation is undertaken. It includes the RA's mandates, strategic goals and the major activities it anticipates undertaking. The Work Plan also details the Proposed Budget and Projected Revenues which support the planned activities.

During the initial consultation period, the RA received three responses on the Work Plan Consultation Document (the **Consultation Document**) from BELCO, One Communications and Digicel.

A full text of the submissions made in response to the Work Plan Consultation can be found on the RA's website at www.ra.bm.

The RA is grateful for the responses received to this consultation. All comments have been carefully considered by the RA as a part of its process to refine its Work Plan for 2025-26. The following "Summary of Responses" summarizes the key comments made by the respondent and provides the RA's response to those comments.

For the avoidance of doubt, a failure to address, directly, or indirectly, any matter raised by a respondent to the Work Plan consultation process in this document is not an indication of the RA's failure to take that matter into account or an acceptance or rejection of the position.

Summary of Responses to Consultation Document

One Communications Ltd and its affiliates' (collectively "OneComm"), Digicel Group ("Digicel") and Bermuda Electric Light Company Limited ("BELCO") were the respondents to the Consultation Document. The RA has reviewed and considered the responses and addressed them in this section. This section provides an overview of the key themes from the response to the proposed Work Plan 2024-25 fiscal year consultation and the resultant comments from the RA.

The key theme from BELCO was doubting the RA's ability to complete the planned work streams and the level of fee increases to support the work stream activities.

The key theme from OneComm's response is centred around the RA's proposed increase in budget and the lack of transparency in work plan related projects and their budgeting/ overbudgeting.

The key theme from Digicel was for the RA to pursue operational efficiencies and effectiveness and make firm timeline commitments with sector related matters. The RA notes that Digicel also provided comments about the EC Market Review process and Spectrum Policy Updates. These initiatives will each have their own consultation process, and the RA looks forward to Digicel's further engagement at that time.

For the avoidance of doubt, a failure to address, directly, or indirectly, any matter raised by a respondent to the Work Plan Consultation in this document is not an indication of the RA's failure to take that matter into account or an acceptance or rejection of the position.

The responses have been grouped into similar themes from the respondents.

1. Work Plan Budget and Project Transparency and use of Reserve Funds to meet new budget requirements

BELCO states:

The proposed fee increase from 0.545cents per kWh to 0.79cents per kWh is a substantial percentage increase and the largest increase since the introduction of the RA fee in 2017. BELCO notes that this increase combined with base rate increases on 1 August 2024 and 1 January 2025 will likely cause electricity customers to object and this may create mistrust surrounding the support for these increases.

BELCO notes the increase in fees for the electricity sector is being driven by an ambitious list of work streams for 2025/26. As we've seen in past work plans, it is unlikely that all of these projects will be completed in 25/26. For example, the EV Infrastructure Review, Innovation License Framework and Retail Tariff Review projects that are included in the 25/26 Work Plan were previously included in the 24/25 Work Plan. The 24/25 Work Plan included fewer electricity projects than 25/26 (7 versus 10) and yet at least 3 of those projects have been carried over into the next fiscal year, although seemingly the fees budgeted for those projects have not. The RA should clarify this list of projects to ensure that the Bermuda public is not being charged twice for the same project, as there is a lack of transparency regarding fees previously generated from the public and how any underspend is carried over into future years, if the planned work is not completed.

Although the RA is permitted to carry over any annual surplus into a Project Fund and Litigation Reserve Fund, the RA has not published any financial statements since it issued unaudited financial statements for the quarter ended June 30, 2022 (the "June 2022 Financial Statements") back in September 2022. At that time, the RA held \$1.258 million in its Project Fund. Given that almost half of the electricity sector projects set forth in the 24/25 Work Plan are now being carried over into the 25/26 Work Plan, it would be reasonable to expect that at least some of the surplus associated with these projects would also be carried over.

OneComm states:

As a starting point, we reference the RA's Preliminary Report - Work Plan and Budget for the fiscal year 2024-2025 dated 28 December 2023 where the RA proposed a total expenditure budget of \$9,262,487. In a responding letter dated 9 September 2024 to the Minister of Home Affairs from the Premier and Minister of Finance, a total expenditure budget of only \$6,125,786 was finally approved for the 2024-2025 fiscal year. The letter went on to state:

We note the funding pressures outlined in the RA workplan, and in your subsequent letter, however we would like to prevent further cost increases for consumers and are tightly managing the consolidated fund budget for 2024/25.

To allow some headroom to deliver against the RA's key priorities, we would ask that the RA explore scope to utilize their reserves as far as possible for essential budget spend. Should further funding be required during the 2024/25 financial year, following utilization of their reserves, we are available to discuss at any point.

With this policy backdrop of tightly managing budgets and suggested utilisation of existing reserves, we provide the following comments and requests in relation to the currently proposed Work Plan for 2025-2026.

RA Response

The RA acknowledges the concerns raised regarding the perceived increase in the electricity Regulatory Authority (RA) Fee. While the percentage increase may appear significant, it is essential to note that the RA Fee constitutes only 1% of the overall electricity rate, resulting in an average monthly impact of approximately \$1 per customer.

The RA Fee is determined solely by the RA's work streams and operational activities. It is worth highlighting that the RA Fee has remained unchanged for the past two years, which has constrained the Authority's ability to advance planned initiatives aimed at strengthening its regulatory framework. Further, the fee is influenced by declining electricity sales, which place upward pressure on the RA Fee, a dynamic that BELCO is well-positioned to understand.

Regarding the 2024/25 Work Plan referenced by BELCO, the RA clarifies that the document under discussion is the Preliminary Work Plan. The final approved 2024/25 Work Plan does not include the projects mentioned. These projects were excluded due to budgetary constraints and timeline challenges stemming from delays in approval. For multi-year projects referenced by BELCO, such as the 2023/24 Retail Tariff Review, planned expenditures are allocated across fiscal years and require approval as part of each respective year's Work Plan and Budget.

The RA's budget is prepared in accordance with section 43 of the Regulatory Authority Act (RAA), and Regulatory Authority fees are set in line with section 44. The RAA prohibits the RA from budgeting for a known deficit or preparing an annual budget that does not meet its operational requirements.

The RA Fee is calculated to recover, from sectoral participants, a reasonable estimate of the costs associated with the RA's regulatory functions. Additionally, funds allocated to the Project Fund and Litigation Reserve Fund are designated for specific purposes. Project Funds are committed to initiatives approved in prior Work Plans and Budgets; they are not allocated to new projects unless approved by the Board of Commissioners under exceptional circumstances.

The RA also remains mindful of its legislative obligation to ensure that funds collected from one sector

are not used to cover deficits in another.

2. Fairness in Budget Allocation Across the Sectors and Review of Operation Efficiency

BELCO states:

In section 3.2, the Work Plan notes an increase in budgeted expenses of 9% for the Electronic Communications sector. Given the introduction of regulation for a new sector and the natural allocation of some expenses to this additional sector, this increase is likely larger than the 9% suggests and therefore the question becomes why is there no increase in the Electronic Communications fees?

ONECOMM states:

In previous years, OneComm has asked the RA to provide detailed evidence for the allocation of general expenses across regulated sectors. Those requests remain outstanding and relevant in the current Work Plan. As before, we ask the RA to provide any evidence to support how the staff and Commissioners are allocating their time and efforts across sectors (e.g. docketing, project plan allocations or any other relevant measurement). In the absence of such evidence, we ask that a high-level audit or operational review be undertaken to more precisely calculate the allocation of common costs.

The Work Plan proposes that general expenses of the RA be split on a 40/40/20 basis between EC, Electricity and Fuel sectors, respectively. As in previous fiscal years, OneComm asks the RA to formally reconsider whether this allocation is an accurate assessment as between sectors.

Based on the level of activity evidenced by the minutes of the Board of Commissioners meetings, a review of the consultations and general determinations in each sector, and the sheer number of major work streams proposed in the Work Plan by sector, it is patent that the majority of the RA's time and resources will be spent on the Electricity sector. Moreover, in the Fuel sector, the RA will be focused on establishing a whole new regulatory framework. The level of effort and resource required for that project appears greater than the 20% allocation proposed.

Like Google for a new submarine cable licence in 2024 is not being used to finance the ongoing work (2025 and beyond) of the Board of Commissioners and RA staff for this kind of multiyear project. Rather, each year (according to the Work Plan) all the other sectors are financing 100% of the general expenses of the RA.

These provisions require the RA to set fees that are a "reasonable estimate of the cost" of the RA "performing the function for which the fee is assessed." (emphasis added) The estimated costs must be "directly related to the supervision of that regulated industry sector." (emphasis added) The RA is not empowered to use funds assessed from one sector to perform any of its functions in other sectors. The legislation clearly prohibits cross-subsidization between regulated sectors.

In closing, we ask the RA to consider the impact of overallocation to the EC sector. As per various RA public statements, one of the policy goals pursued in the EC sector is to foster competition that will lead to lower prices for consumers. By over allocating RA expenses to EC, the RA is increasing industry costs and taxing EC consumers for the benefit of other sectors. In essence, in addition to being legally prohibited, overallocation to the EC sector works to increase prices rather than reduce them.

Digicel states:

Digicel requests that the RA, in the contemplation of the amendments to its duties in pursuance of streamlining the efficiency and effectiveness of its current operations, review the inclusion or setting of the prescribed timelines relative to the RA's review of applications for licences et al. As the RA is aware, sectoral operators are subjected to stringent timelines regarding the submission of said applications. However, no such timelines feature in the RA's process regarding these applications et al, which remain open-ended and create a level of ambiguity in the sector. Such timelines are a necessary tool that provides regulatory certainty for sectoral providers in the regulatory process providing the necessary transparency and accountability for a public authority. We anticipate that the RA would review this process and the associated timelines.

RA Response

The RA conducts an annual assessment of expected expenditure for each regulated sector. While common costs are shared across sectors, project-specific costs unique to a particular industry are allocated directly to that sector.

For the Electronic Communications (EC) sector, the RA's revenue is derived from licensees' Relevant Turnover, similar to the Electricity sector, where revenue is based on electricity sales. As the EC sector is expected to experience an increase in Relevant Turnover, the RA does not anticipate the need to adjust EC fees to meet the sector's budgetary requirements.

The RA acknowledges that there is no exact formula for apportioning general expenses between sectors. However, allocations presented in the Work Plan reflect the RA's best estimates, which are informed by historical records and budget forecasting expertise.

The RA remains committed to meeting its statutory timelines. For processes without statutory deadlines, the RA strives to provide regular updates on their progress, recognising the importance of transparent communication with its licensees. It is also noted that timelines may be affected by other priorities that require immediate attention.

3. Consultancy Services and Litigation Fund transparency

BELCO states:

In table 6, the \$720,868 increase in consulting services is related to ministerial directives—which represents 145% increase over the prior year's budget. Further detail should be provided on this increase.

In table 6, the provision for mediation and litigation is over 10 times higher than the previous year's budget. What is driving this expected increase? The narrative only refers to "consumer interest protective litigation." As previously noted, the RA is permitted to carry over any accumulated surplus into a Litigation Reserve Fund, which the June 2022 Financial Statements shows valued at \$418,201. Due to the lack of financial transparency, the public does not have any insight into the status of the Litigation Reserve Fund since that time.

ONECOMM states:

As per the final approved work plan for 2024-2025, the RA previously budgeted \$100,000 as Provision for Mediation and Litigation. Notably, this was double the \$50,000 amount budgeted in the 2023-2024 period. For the 2025-2026 period, the RA is proposing a budget of \$350,000. In the space of two fiscal years, the RA will have increased the Provision for Mediation and Litigation seven-fold.

It is this increase that accounts for the vast majority of the 9% increase proposed by the RA for its total expenditure budget. The only explanation provided is that the RA anticipates increased "consumer interest protective litigations costs." As per the RAA, it would be helpful to all parties in the consultation to understand how these increases are a "reasonable estimate of the cost..."

of performing the function."

We further note that the RA has a Litigation Reserve Fund that amounted to \$418,201 as at September 30, 2022. We ask the RA to provide further details regarding why the increased Provision is required in addition to its Litigation Reserve Fund, particularly in light of the request from the Premier and Minister of Finance that the RA "explore scope to utilize their reserves as far as possible for essential unbudgeted spend."

RA Response

As outlined in Section 6.8, the increase in consultancy services was primarily due to a project initiated by Ministerial Direction. This also includes projects resulting from recent Government legislative or policy changes. For further details on the four projects: Electric Vehicle (EV) Charging Infrastructure Review, Innovation Licence Framework, Bulk Generation Sole Use Installation (BGSUI) Licence Framework, and the Electricity Sector Retail Tariff Stabilisation Review, please refer to Section 6.8.

The RA fully complies with its legal obligations to submit financial statements to the Office of the Auditor General. These audited financial statements will be published following the completion of the review process. Concerning the Litigation Reserve Fund, the RA considers it in the public interest to protect the confidentiality of the fund's status, ensuring the RA's ability to litigate effectively across sectors is not compromised. As such, unaudited financials, which could disclose the RA's litigation capabilities, are not published.

The RA's budget is prepared in accordance with Section 43 of the Regulatory Authority Act (RAA), and Regulatory Authority fees are set in line with Section 44. The RAA requires the Authority to prepare budgets that meet its operational requirements and prohibits budgeting for a known deficit.

Guided by legislation, RA fees are designed to recover from sectoral participants a reasonable estimate of the costs incurred by the RA in performing its regulatory functions.

The Project Funds and Litigation Reserve Fund are for specific, approved purposes. Project Funds are committed to initiatives approved in previous Work Plans and budgets. Under exceptional circumstances, they are only allocated to new projects in subsequent years if approved by the Board of Commissioners.