REGULATORY AUTHORITY OF BERMUDA

Feed-in Tariff ("FIT") Review Report

2026 — Quarter 1

Date: 14 January 2026

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I. INTRODUCTION AND EXECUTIVE SUMMARY

1. The purpose of this report (the "FIT Report") is for the Regulatory Authority of Bermuda ("RA") to set the rate that Bermuda Electric Light Company Ltd. ("BELCO"), as the Transmission, Distribution & Retail ("TD&R") Licensee, must pay to Distributed Generators ("DGs") for the energy that they export to the TD&R network.

2. The Regulatory Authority Act 2011 established a cross-sectoral independent and accountable regulatory body "to protect the rights of consumers, encourage the deployment of innovative and affordable services, promote sustainable competition, foster investment, promote Bermudian ownership and employment and enhance Bermuda's position in the global market".

3. In accordance with the Electricity Act 2016 ("EA"), the RA is responsible for the regulation of the electricity sector in Bermuda. Its overarching responsibilities are to:

    - regulate tariffs and the quality of service provision to end-users;
    - ensure that access to the electricity infrastructure by current and prospective generators in Bermuda is transparent, fair, reasonable, and non-discriminatory; and
    - investigate and respond to complaints from end-users regarding the provision of electricity.

4. Section 36 of the EA requires the RA to set a pre-determined rate at which renewable energy is purchased by the Transmission Distribution & Retail Licensee from a DG for a predetermined period, and under pre-determined conditions in accordance with Part 6 of the EA (the "Feed-in Tariff" or "FIT").

5. Section 36 of the Electricity Act 2016 ("EA") provides that the RA shall determine the FIT in accordance with the FIT methodology (the "Methodology") set by General Determination ("GD") and in accordance with the principles set out in the EA.

6. In October 2018, the RA published the FIT Methodology GD which outlined the methodology to be followed when updating the FIT.

7. In September 2023, the RA updated the FIT Methodology GD whereas, the FIT calculation is now using forward-looking assumptions based on the avoided costs of generation and economic benefits.

8. The FIT calculations include a true-up mechanism to reconcile differences between actual avoided costs and FIT payments to the DGs and the FIT will also now be reviewed on a quarterly basis.

9. In order to evaluate the FIT to be implemented in Q1 2026, the RA issued information requests to BELCO.

10. The RA reviewed the information received from BELCO and the inputs were used to calculate the revised FIT rate for Q1 2026, following the updated FIT Methodology and principles from Section 36 of the EA.

11. The following methodology and inputs were used for the FIT calculation:

    (i) Avoided Costs of Generation;

    (ii) Economic Benefit (assigned a zero value); and

    (iii) Adjustments— Provisions were made for the implementation of a true-up mechanism that aims to reconcile the differences between forecasted and actual avoided costs.

$$FIT\left(\frac{\$}{kWh}\right) \leq \frac{avoided\ cost\ of\ generation\left(\frac{\$}{Period}\right) + economic\ benefits\left(\frac{\$}{Period}\right) + adjustments(\$)}{forecast\ system\ exports\ (or\ production)\ by\ distributed\ generators\ (\frac{kWh}{Period})}$$

12. The RA therefore sets the revised value of the FIT for the remainder of Q1 2026 at **0.1029 $/kWh** based on the FIT formula above.

13. The FIT will remain in place for the remainder of Q1 2026 and be updated again on 1 April 2026, 1 July 2026, 1 October 2026 and 1 January 2027.

II. FEED-IN TARIFF

14. In addition to the inputs listed above, several assumptions were made to calculate the avoided costs of generation. These assumptions are presented below**:**

    (i) Avoided costs of generation were calculated as the sum of avoided marginal fuel costs and avoided marginal lube oil costs. Additionally, individual fuel prices for Heavy Fuel Oil ("HFO") and Light Fuel Oil ("LFO"), in $/barrel, were used in calculations.

    (ii) The marginal avoided network loss factor, 1.6%, has been used in these calculations which is consistent with the value used in previous reviews.

    (iii) The updated FIT Methodology GD highlights a preference to use forward-looking values, when appropriate and possible, to calculate the avoided costs of generation for the period of interest. Additionally, since the values are forecasted, the FIT Methodology now includes a true-up mechanism, seeking to reconcile differences between forecasts and actuals.

    (iv) Economic benefits (**social costs**) largely relate to the value of the reduction in carbon emissions by DG customers. However, the inclusion of such should be guided by Government policy, and since Bermuda does not currently have a carbon price, carbon tax, nor carbon market, the RA does not deem it appropriate to assume or define a carbon price to arbitrarily quantify the social costs of the economic benefits. Therefore, the RA has quantified the social costs of the economic benefits for the FIT review to be zero for 2026.

    (v) The economic benefit (social benefit) compensates ratepayers for subsidies such as **import duty/tax relief and other government subsidies** provided to solar DG (or FIT) customers and has a value which is acknowledged in the methodology. Additionally, the social benefit factor is intended to partially mitigate the increase in base rates that DG customers impose on "regular" customers. Therefore, the RA has assigned a value to the social benefit for the FIT review to be 0.0152 $/kWh

15. To calculate the FIT for Q1 2026, the avoided costs of generation was assessed for all of 2026 using the cost categories defined by the updated FIT Methodology GD. **The main driver to the stable FIT is the stabilisation of fuel costs, in part due to the continued duty relief on fuels.**

16. The RA calculated the FIT based on the 2026 forecasted avoided fuel costs, lube oil costs and solar exports.

17. **As the FIT payments are a pass through from the utility to all customers, the RA determines the FIT rate to be fair and appropriate for electricity customers who pay for the FIT through electricity rates, and to the solar customers (DGs), who receive the FIT rates.**

18. The final FIT calculated along with the components used to develop it are outlined in Figure 1.

Figure 1: Summary of Feed in Tariff Calculations

Summary of Results	
Forecasted Avoided Cost of Generation for 2026 ($)	597,491
Forecasted solar exports for 2026 (kWh)	**5,059,690**
Actual FIT paid (Previous quarters) in 2026 ($)	0.00
Final FIT calculated (maximum) for Q1 2026 ($/kWh)	**0.1181**
Social Benefit Factor	0.0152
Final FIT ($/kWh)	**0.1029**
Previous Quarter's FIT (Q4 2025) ($/kWh)	0.1029
Percentage Difference (This Quarter's FIT vs. Previous FIT) (%)	0%

III. CONCLUSION

19. The RA has determined the FIT to be **0.1029 $/kWh**.

20. This sets the FIT in line with the updated FIT Methodology GD and the EA. It also protects the interests of end-users with respect to prices, affordability and promotes economic efficiency in the generation, transmission, distribution and the sale of electricity.