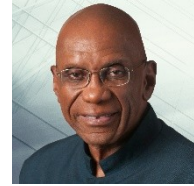




## Economic Letter November 2023



*Marc Hollingsworth, Media Support International*

### **The Caribbean Should Set New and Achievable Targets for Renewable Energy**

A report published by the Caribbean Development Bank on the use of renewable sources for generating electricity shows modest achievements in only three Caribbean countries, all of which have significant hydro power: Suriname, with 42 percent, Belize, one third, and Dominica, one quarter of the total electricity supply. A fourth country, St Vincent and Grenadines, also has significant hydro power, which contributes almost all of the 17 percent of renewable electricity supply.

Six Caribbean countries have announced ambitious targets of 100 percent use of renewable energy in seven years' time, that is, by 2030. Apart from Dominica, not one has achieved as much as 15 percent of electricity from renewables. Barbados, the largest of the six, generates only 11 percent of electricity from renewables, according to the CDB report. What is more, fossil fuels continue to be used for transport, agriculture and landscaping, cooking, industrial machinery, emergency power and other purposes.

Other Caribbean countries have less ambitious targets, ranging from 30 percent renewables (The Bahamas and Trinidad-Tobago) to 75 percent (Belize), coupled with target dates that are further into the future, 2037 for the Cayman Islands and 2040 for the Turks and Caicos Islands. However, apart from Suriname, which has already exceeded the country's modest 2030 target, none of the announced targets appears within reach in the specified time horizon.

The Caribbean Development Bank renewable energy report includes a chapter of insightful case studies from Jamaica, Dominica and Barbados. The studies uncover a variety of complex challenges in the design and implementation of strategies to increase the proportion of electricity generated from renewables. The

CDB report develops a concept of a Minimum Regulatory Framework which Caribbean countries need to put in place to advance the adoption of renewable energy. The framework was developed in light of experiences in the region and in collaboration with companies and agencies in the Bank's borrowing member countries.

The elements of the Minimum Regulatory Function are set out in a matrix which is eight pages long in the report. The list begins with an updated integrated resource and resilience plan, and includes procurement and financing mechanisms; rules and processes for needed permits; careful design of tariffs; ensuring that the electricity supply company is credit-worthy; and rules for producers linking to the grid.

The report does not provide an assessment of how any country's strategy stacks up against the benchmarks that are suggested for the Minimum Regulatory Function. However, it is evident that much remains to be done, everywhere in the Caribbean, to reach that minimum standard. The implication is that announced targets for the conversion from fossil fuels in the Caribbean will need to be revisited. There is no prospect that any of the CDB's borrowing member countries will replace fossil fuels for the generation of electricity any time in the foreseeable future, as things now stand. Should countries set up their Minimum Regulatory Functions, keeping them under periodic review as suggested by the CDB, they will then be in a position to set modest but achievable targets for electricity generation in the coming decades. In the meanwhile it would be advisable to commit to completing the elements of the Minimum Regulatory Function matrix, while admitting that the targets governments have previously announced are not within their reach.