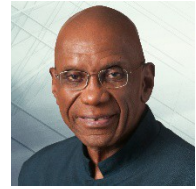




# Economic Letter September 2019



## Barbados Needs a Road Map and Action Plan for Renewables

*Wind and solar power offer an exciting prospect of rapid growth and energy independence to a sunny island like Barbados, set out in the Atlantic in the path of the dependable trade winds. However, a focused, all-encompassing national strategy is required, if we are to have any chance of realizing the vision of energy independence. Our Government should provide a road map to take us to the goal of 100 percent renewables, around which it should build a national consensus in favour of a strategy to achieve this goal. The road map would spell out the benefits of energy independence, and the main structures and systems that would have to be put in place to make the dream a reality. Once there is nationwide agreement on the goal and the things needed to achieve it, an action plan and timetable would be needed to monitor and report to the nation on progress towards the goal.*

Thanks to recent improvements in the efficiency and affordability of solar and wind energy generation, Barbados now has the potential to double its GDP in less than two decades. Barbados' abundant sunshine and reliable trade winds have become a more valuable resource than reserves of oil and gas could ever be. As the late Professor Oliver Headley once famously said: "The sun will still be shining when the oil runs out". Technical studies by leading experts in the field show how Barbados can supply all of its current power needs with a combination of solar, wind and biogas, with an eco-friendly power storage system. A great deal of solar has already been installed and we have an idea where wind turbines might best be sited. We also have a report on the elements, technical, regulatory and financial, that would have to be sustained over a period of 15 years, to achieve 100 percent renewables.

The Barbados economy, which currently remains in the doldrums, could be revived to growth rates of 5 percent or more, with the implementation of a comprehensive action plan for 100 percent renewables, provided the island's competitive weaknesses are addressed. With a 5 percent growth rate, our GDP would double in about 15 years and future prosperity would be assured. As I have said elsewhere, the reform of the public sector would serve to restore and enhance Barbados' international competitiveness and attract new investment in tourism, international business and other quality products. That alone should provide growth of around 2 1/2 percent. The switch from fossil fuels to renewable sources of power adds to growth directly through investment in renewables and the acquisition of new skills and services. In addition, the savings from reduction in fuel imports increase every year, until the entire amount now spent on fuel is available for expansion of other activities. Investment in renewables plus foreign exchange savings could together add 3 percent or more to the growth rate, for an overall rate in excess of 5 percent.

The switch to renewables would also make our economy more resilient. The country's energy supply would be unaffected by losses in any of the three main sources of foreign exchange - tourism, international services and manufacturing. Furthermore, the growth of our economy and our rate of inflation would become impervious to oil price fluctuations.

The first step in the implementation of the 100 percent renewables strategy is for Government to commission the preparation of a road map to 100 percent renewables. This would be a document in layman's language, to be shared with the nation. It would explain the benefits of the strategy, for the economy and for the average household. It would spell out the elements of the strategy, showing how it would change electric supply, distribution and storage, and it would detail plans for switching to electric vehicles and machinery. It would discuss links to agriculture and tourism, and address environmental

implications. This document would be used to build a national consensus for the implementation of the 100 percent renewables strategy.

A second, complementary, document for the renewables strategy would be an action plan and timetable for implementation. This would be a technical matrix and timeline of all the policies, activities and actions that are needed to ensure steady progress towards the 100 percent goal. The action plan would include legislation and regulation, investment and financing, information requirements, policies related to human and other resources, and identification and resolution of inconsistencies with other Government objectives.

The action plan would constitute an implementation manual for Government and public sector agencies. A summary of the principal elements of the associated timetable would be shared with the public. It would show annual targets for renewable power, right up to the date of final elimination of fossil fuel use, annual targets for electric vehicle use, investment targets, targets for the completion of studies and projects on storage, the upgrade of electricity distribution, and other key projects. The coordination body for the 100 percent renewables strategy would present an annual report to the nation, in which they would address any areas where progress was falling behind the timeline, and explain what remedial action was being taken to keep the strategy on track.

The first concrete steps towards the implementation of a strategy for 100 percent renewables are the publication of the road map and the associated action plan and timetable.