

SCALING UP THE  
DEPLOYMENT  
OF INTEGRATED  
UTILITY SERVICES  
TO SUPPORT  
ENERGY SECTOR  
TRANSFORMATION  
IN THE CARIBBEAN  
PROGRAMME



# CONTEXT AND RATIONALE

Climate change poses a major threat to the energy systems of countries across the Caribbean – challenges that are expected to become even more pronounced as climatic conditions continue to change over the coming decades. These impacts will also be felt well beyond the energy sector, affecting countries' abilities to sustain or quickly restart crucial public services, commerce and other important activities when affected by hurricanes and other extreme weather events. At the same time, many Caribbean countries remain heavily dependent on imported fossil fuels to generate most of their electricity, resulting in high costs and carbon intensity as well as pronounced energy insecurity. This points to a pronounced need to support investment in resilient, sustainable, and affordable energy for the Caribbean.

## WHAT DOES THE PROGRAMME AIM TO ACCOMPLISH, AND HOW WILL IT DO SO?

The Caribbean Development Bank (CDB) is collaborating with the CARICOM Secretariat and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to develop a new regional programme ("Scaling up the Deployment of Integrated Utility Services to Support Energy Sector Transformation in the Caribbean") to help catalyse growth in energy services markets across the Caribbean. The programme aims to launch an innovative new approach for supporting local businesses, households, and other electric utility customers (e.g. public sector entities) to invest in renewable energy (RE), energy efficiency (EE) measures and other distributed energy resources (DERs), including rooftop solar photovoltaic, battery storage, energy efficient equipment and energy-saving devices.

The programme will support these investments by working with participating electric utilities, which will take on an Energy Service Company (ESCO)-type role and thereby act as a broker within their local energy services market. Interested customers will be able to apply to their electric utility to have sustainable energy equipment and devices installed at their premises. The utility will pre-finance the costs of these assets and contract qualified local service providers for procurement and installation. The customers will derive all benefits from the assets and gradually repay the investment costs through a modest tariff/charge that is added to their regular utility bill. The implementation of this Integrated Utility Services (or "IUS") model is expected to address many key barriers to investment – including high up-front costs, limited existing ESCo capacity and limited access to financial services, among others – and thereby provide an easy and affordable way for businesses, households and other utility customers to invest in (and own) distributed energy assets. This is expected to deliver three major benefits for utility customers: (a) cutting their energy costs and bills, particularly over the medium term; (b) reducing their own personal carbon footprint, and by extension, that of the broader energy system; and (c) enhancing resilience against potential power disruptions due to storms and other extreme weather events. The programme is also expected to catalyse broader growth in local energy services markets, further strengthening capacities and enhancing business opportunities for local market actors over the medium term.

Through the first phase of this programme, CDB plans to work with the electric utilities and other energy sector stakeholders in Barbados, Belize, Guyana, and Jamaica to launch and implement the IUS approach at scale. CDB plans to expand this support to more countries through a second phase in the coming years.



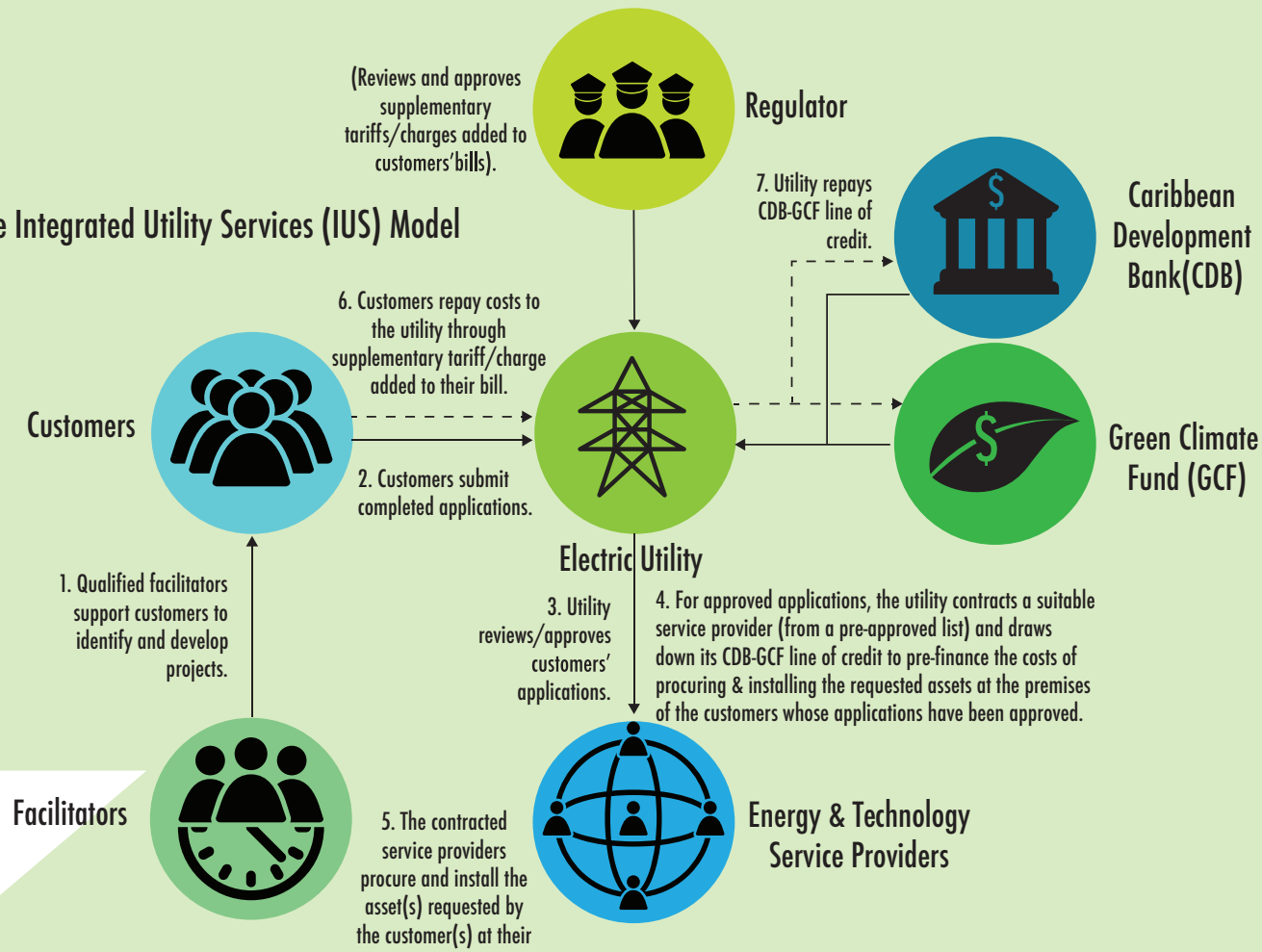


# WHICH STAKEHOLDERS CAN/WILL PARTICIPATE?

The participating electric utilities will take on an ESCo-type role within their local energy services market, working closely with existing energy & technology service providers and other companies that will be contracted to support interested utility customers to procure, install, operate, and maintain the RE/EE equipment and devices in which those customers have decided to invest. Any interested utility customer – including households, businesses, public sector customers and others – will be eligible to apply to have fit-for-purpose energy solutions installed at their premises, which they would then own and derive all benefits while paying back their electric utility. These dynamics are summarised in Figure 1 (below).



## The Integrated Utility Services (IUS) Model



## WHAT IS THE TIMELINE?

With financial support from the Green Climate Fund (GCF), CDB is collaborating closely with national and regional partners to complete the remaining design, feasibility, and other preparatory work for this programme in 2022-23. Inputs from a wide variety of national and regional stakeholders will be crucial to the success of this process. CDB is working diligently to develop this programme and be able to start supporting on-the-ground investments as soon as possible.



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