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**UTILITY REGULATION AND COMPETITION OFFICE**

2 May 2021

**PUBLIC STATEMENT FOR IMMEDIATE RELEASE**

The Utility Regulation and Competition Office (OfReg) is deeply concerned about unsubstantiated comments recently made by a licensee in some local newspapers concerning OfReg's stated position on the National Energy Policy (NEP) goals and innovation in the fuel sector.

OfReg's mandate includes ensuring a vibrant and competitive fuel sector and mix of fuel options, reflecting a sustainable transition to 70% renewable energy supply and consumption by 2037. The multifaceted approach involves balancing the safety and security of fuel supplies while ensuring economic efficiency, fuel quality and general compliance across the sector. As such, all decisions are backed by sound analysis and established codes and standards.

In support of advancing the Cayman Islands NEP goals, and in particular, the use of ethanol-blended gasoline and biodiesel fuels in the jurisdiction, the following are critical items undertaken by OfReg:

- Ensured ethanol-blended fuels form an integral part of the NEP;
- Facilitated the approval and introduction of ethanol blends and biodiesel into the market in 2017;
- Has not mandated ethanol blends and biodiesel blends to be supplied by all fuel importers, which affords the current sole supplier to benefit in a 'niche' market;
- Granted its approval for the three application relating to the storage and supply of ethanol blends and biodiesel, including the recently approved facility to be constructed off West Bay Road, Seven Mile Beach;
- Ensures consistent and appropriate safety and economic conditions are set out for new entrants and existing market players;
- Continues to engage potential market entrants on entering and participating in the market while ensuring efficient and effective market operation to benefit both consumers and suppliers.

OfReg, via its predecessor entity Petroleum Inspectorate, had conducted a market analysis that showed that the overall market was already approaching saturation in 2015 based on the number of gas stations in operation. The issue was more pronounced in certain districts, while some districts remain underserved. With this in mind, OfReg began including a cautionary statement when approving gas stations applications.



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In the event the fuel market economic assessment indicates that to achieve efficient pricing, there may need to be options such as rationing of gas station licenses, these options are taken into consideration by potential investors.

For the recent gas station project, OfReg indicated to the Central Planning Authority that, *“the new/proposed site is contributing to achieving Cayman Islands National Energy policy, and such initiative and investment should be encouraged/facilitated. Accordingly, OfReg had no objection to the project moving forward, subject to the technical conditions and considerations”*.

Fuel prices in the Cayman Islands are currently a function of several factors, with cash flow and cost flow being major determinants of prices. Newer entrants with significantly lower overheads have the unique advantage of offering considerably lower prices for consumers' benefit, which is encouraged.

Currently, renewable motor fuels are imported and supplied under a lower capital investment model, enabling consumers to benefit from the lower prices at the pump. OfReg ensures relevant information is available to the public in making fuel purchase decisions, and prices of all public fuel dispensing facilities (gas stations/marinas) are posted on OfReg's website.

Persons interested in entering and participating in the fuel sector, particularly to augment efforts towards achieving the Cayman Islands NEP goals, are encouraged to visit the government's NEP website or contact OfReg as necessary for relevant information. The specific requirements for the construction of gas stations, which is communicated to CPA through the planning process, are included as an appendix. Other helpful information can be found on the OfReg website [www.ofreg.ky](http://www.ofreg.ky)

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**ABOUT OFREG**

The Utility Regulation and Competition Office ('OfReg' or the 'Office') is the independent regulator established by section 4 of the Utility Regulation and Competition Law (as revised) (the 'URC Law') for the electricity, information, and communications technology, water, wastewater, and fuel sectors in the Cayman Islands.

OfReg provides the opportunity for consistency and collaboration in regulation across the energy, fuel, ICT, and water sectors; better utilisation of skills and resources resulting in more efficient and effective regulatory processes; encouraging competition where appropriate and feasible; championing sustainability and innovation across markets, contributing to the economic and social goals of the Cayman Islands.

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