

# Transition planning for the energy sector in the Caribbean



# Overview

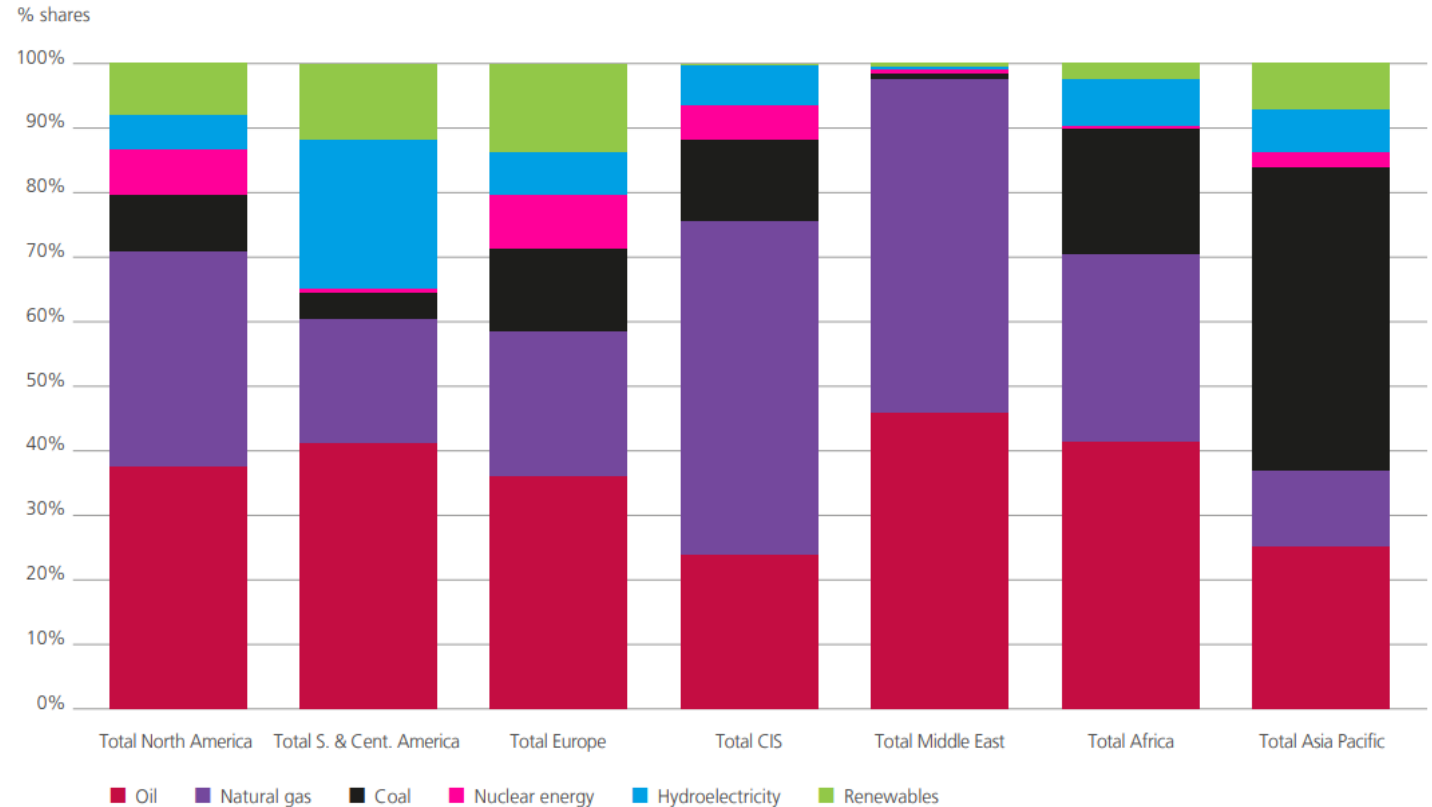
Caribbean countries exhibit varied oil and gas transition plans influenced by governmental targets and investment focuses, reflecting their distinct economic priorities and energy sector stages.

As of 2022, fossil fuels, mainly oil and natural gas accounted for over 60% of energy consumption in the Southern and Central American region, including the Caribbean (see chart). While this compares favourably against global fossil fuels consumption, which remained at 82%, many Caribbean islands are still heavily reliant on oil and gas but are taking action to accelerate their transition to renewables.

In 2024, a dynamic interplay between fossil fuels and renewable energy sources is expected to continue, reflective of global trends and regional policy direction.

On the following pages are highlights of the policies and initiatives impacting the energy sectors in the region and at the time of writing.

Regional consumption pattern 2022



Source: Energy Institute, in association with KPMG International and Kearney. "2023 Statistical Review of World Energy." 72<sup>nd</sup> edition, 2023

# Highlights

## ABCs (Aruba, Bonaire, Curacao)

Aruba, Bonaire, and Curaçao are all focusing on renewable energy transitions. The Netherlands Government has committed to investment programs available to the Constituent Countries – Curaçao, Aruba and Sint Maarten – and the Caribbean Netherlands – Bonaire, Saba and Sint Eustatius. The investments are intended to enhance the economic growth potential of the six islands, to increase their financial and economic independence, to accelerate the energy transition and to increase their standard of living and employment opportunities.

The Green Energy Policy in Aruba through the Government of Aruba seeks to explore opportunities to expand its renewable energy capacity. This includes further developments in solar energy, expansion of wind energy and exploring other renewable technologies such as ocean thermal energy conversion (OTEC) and wave energy. Bonaire leads in renewables of the Dutch islands, evidenced by The Ministry for Economic Affairs and Climate (EZK) releasing €10 million to expedite the sustainable

energy transition in Bonaire in 2021. Additionally, in September 2022, €33.6 million was made available to the Caribbean Netherlands from the Sustainable Energy Generation and Climate Transition Incentive (*SDE*) funds and the Regional Package (*Regio Enveloppe*). These resources are already being used to fund customised green energy generation projects, including the construction of a new solar farm in Bonaire with more than 10,000 solar panels capable of supplying 5,000 homes.

## Barbados

In 2020, Barbados derived over 90% of its electricity from fossil fuels, with the remaining generated by solar energy. Currently, Barbados relies heavily on imported fossil fuels for its energy needs, contributing to high energy costs and environmental impacts. However, through its comprehensive energy policies and initiatives, such as establishment of the Smart Energy Fund, designed to fund renewable energy and energy efficiency projects, the country continues to demonstrate its commitment to transforming its energy usage patterns. This aligns with its renewable energy goals outlined in The Barbados National Energy Policy (BNEP) 2019-2030, which establishes the framework for

transitioning from a fossil fuel-based economy to one completely based on renewable energy. The policy includes goals such as zero domestic consumption of fossil fuels, export of all hydrocarbons produced on land and offshore to achieve the country's transformational goal of becoming a 100% renewable energy and carbon neutral island-state by 2030 and ensuring a sustainable, energy-independent future.

Despite these initiatives, Barbados confronts several challenges in achieving its renewable energy targets. These include grid capacity limitations, surplus solar photovoltaic output and storage accessibility issues. The nation is also grappling with regulatory delays and infrastructural investment gaps, which have led to a temporary halt in new energy projects.

In response, the Ministry of Energy and Business is developing a new Electricity Supply Act, to streamline the transition process to overcome existing barriers and begin the process of creating a new macro framework.

# Highlights

## Dominica

Dominica's energy consumption primarily hinges on imported fossil fuels, constituting a large percentage of its total energy supply. The Dominican Government has indicated that the island is making progress on renewable energy, with a national target for power generation of 100% carbon-neutral energy by the year 2030, from domestic renewable energy resources. Emphasis has been particularly on hydropower and geothermal energy, due to its volcanic origins. The administration has also endorsed an Energy Management Guide, developed with the support of the Clinton Foundation and through this, the geothermal project is gaining momentum, where efforts include developing a geothermal power plant to meet domestic needs and possibly export electricity.

## Grenada

Grenada's National Energy Policy (NEP) 2011 included objectives to diversify the energy sector, reduce reliance on imported fossil fuels, and promote the use of indigenous renewable energy resources. The policy also acknowledges the potential of oil and gas resources and seeks to develop them in a

manner that is environmentally responsible and beneficial to the nation's economy. The NEP for 2023 – 2035 acknowledges and strengthens the NEP 2011 vision of a decarbonised energy system towards climate neutrality, to accelerate the transition to a more sustainable mix of energy resources, from a petroleum-based economy.

## Guyana

Guyana's oil sector is rapidly expanding, with plans for new projects and expansion of existing ones, alongside a significant gas-to-energy project. Guyana's net zero ambitions are interlinked with ExxonMobil's operations, as the company's oil production in the country is reportedly 30% less carbon-intensive compared to its global average. ExxonMobil aims for net-zero Scope 1 and 2 emissions from its operated assets, including those in Guyana, by 2050.

Meanwhile, the Government still aims to incorporate a mix of clean and renewable energy from solar, hydro, wind and natural gas energy resources to meet the country's energy needs over the next five years. It is envisioned that this plan will help to add more than 500 megawatts (MW) of electricity capacity for residential and commercial users that can contribute to a fifty percent reduction in electricity costs.

## Jamaica

Jamaica predominantly relies on fossil fuels for energy. The country's oil and gas sector, through initiatives like the Walton Morant License exploration by United Oil & Gas Plc (UOG), while in an early phase, is at a pivotal stage and has generated positive interest by major oil companies looking at prospects for hydrocarbon exploration in the region and UOG is being granted a two-year extension by the Ministry of Science and Energy until January 31, 2026. This will allow UOG to move to the next exploration phase, drilling of offshore well.

UOG has committed to execute the necessary stakeholder engagement exercises required to perform exploration in an environmentally sustainable manner, which will help Jamaica balance hydrocarbon exploration with global net-zero emission targets, delivering long-term energy security and creating economic opportunities in line with Jamaica's National Energy Policy. Jamaica's Government still has ambitions of moving towards renewable energy, despite planned oil and gas exploration, aiming for a 50% renewable share by 2030, updated target in the planned revisions to the National Energy Policy (2009-2030), as well as, aims to diversify energy sources beyond petroleum, including natural gas.



# Highlights

## Saint Lucia

Saint Lucia's electricity costs are among the highest in the world and are highly dependent on imported fossil fuels. To diversify their energy mix, in view of climate change considerations and volatility of the crude oil market, the Government of Saint Lucia has set an ambitious target of generating 35% of its electricity from renewable sources by 2025.

Solar, wind and geothermal are the renewable energy sources being explored with a 3-MW solar farm facility and assistance from the World Bank in a new surface exploration for geothermal, which confirmed 3 new sites – Belle Plaine, Fond St. Jacques and Mondesir - Saltibus. These projects reflect Saint Lucia's ambition to transform its energy sector using public finance for exploration and will foster private sector investment in power production.

## Saint Vincent & the Grenadines

Saint Vincent and the Grenadines is working to reduce its heavy reliance on imported fossil fuels, which currently make up about 70% of its energy consumption.

The nation aims to diversify its energy sources, focusing on renewable options like solar, hydro and potentially geothermal power, especially on the main island, while other islands still use diesel. The Government's National Energy Policy seeks to transform the energy sector towards sustainability by 2030. The plan includes delivering 60% of projected total electricity output from Renewable Energy Sources (RES), in an attempt to significantly increase the use of renewable energy and enhance energy security.

## Suriname

Suriname's oil production is currently dominated by state-owned Staatsolie's onshore developments but is seeing rapid growth with several offshore discoveries. Offshore Block 58 is being developed under a 2019 joint-venture agreement between partners TotalEnergies and APA, a US\$ 9-billion project.

To ensure these new hydrocarbon projects feature strategies for decarbonisation, the Government has banned continuous flaring and TotalEnergies has committed to using the "best available technologies to minimise greenhouse gas emissions" at Block 58.

With ongoing offshore exploration, Suriname is working towards using this growth for sustainable economic development and environmental sustainability, with emphasis on local content, ensuring that local workers are trained and there is direct spending to local suppliers and service providers.

## Trinidad & Tobago

Trinidad and Tobago's primary energy consumption decreased by 3.1% in 2022, with natural gas representing 54% and oil 5% of the total consumption by fuel type, per the Energy Institute, in association with KPMG International and Kearney's 2023 Statistical Review of World Energy.

Notably, continued gas exploration efforts are underway with Trinidad and Tobago, and Venezuela signing a US\$1 billion gas deal in August 2018 and securing a 30 year Exploration and Production Licence from Venezuela in 2023, for the Dragon Gas Field, which will see Trinidad and Tobago developing the field, estimated to produce approximately 150 million standard cubic feet of gas daily. Despite the United States' decision to resume sanctions against Venezuela, the Ministry of Energy for Trinidad and Tobago noted that this does not affect the

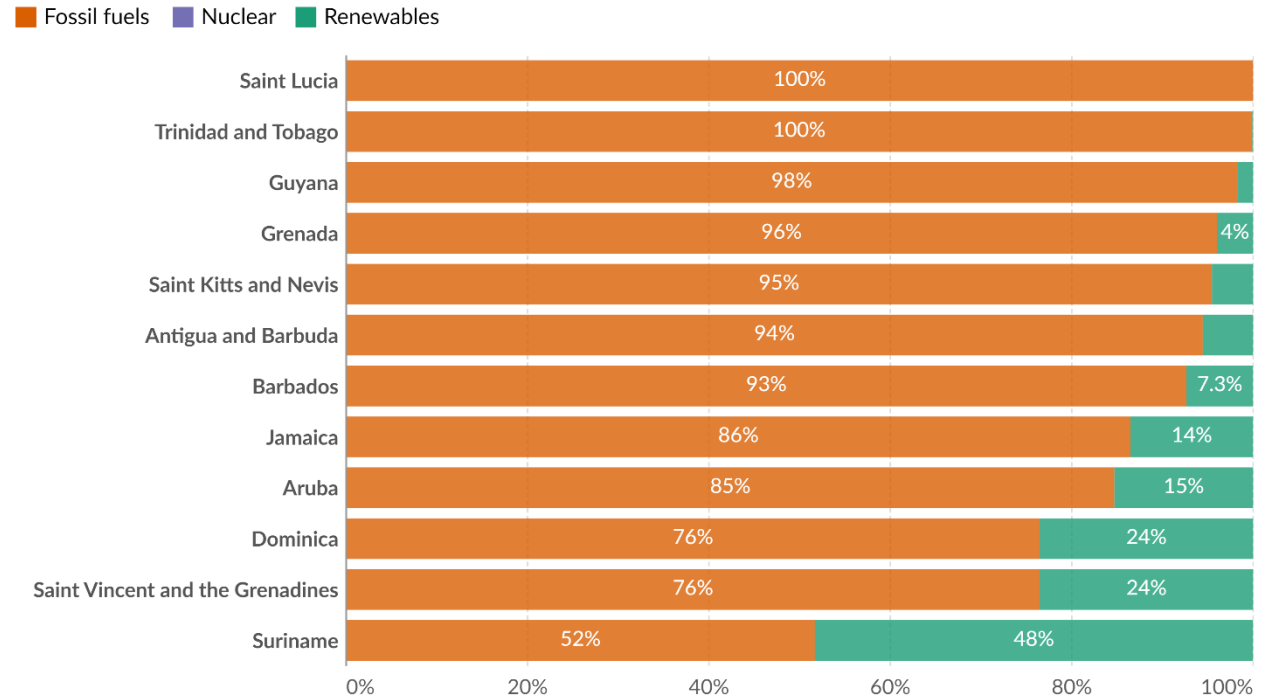
# Highlights

## Trinidad & Tobago cont'd

special amended license that was issued to the Government of T&T by The Office of Foreign Assets Control (OFAC) on October 17, 2023, which authorises the Government and their affiliates to conduct business with Venezuela with respect to the Dragon Gas Field and is valid until October 31, 2025. Prime Minister Rowley also noted that while the Dragon gas arrangement is currently unaffected, geopolitical dynamics could change this.

With increased gas exploration efforts, the nation is still committed to diversifying its energy mix, with a focus on developing a green hydrogen economy. Initial steps are being taken by the Ministry of Energy in developing the energy sector beyond the traditional oil and gas, through recent collaboration with the Inter American Development Bank (IDB), towards advancing the initiatives in the project - 'The Roadmap for a Green Hydrogen Economy in Trinidad and Tobago', which launched in November 2022. Furthermore, addressing environmental issues in the oil and gas sector, particularly related to oil spills, is crucial to their net zero commitments. Overall, shifts towards cleaner energy practices aim to protect local industries.

## Per capita electricity generation from fossil fuels, nuclear and renewables (solar, wind, hydro), 2022



Data source: Ember (2024); Energy Institute - Statistical Review of World Energy (2023); Population based on various sources (2023)  
OurWorldInData.org/electricity-mix | CC BY

# Service offerings

KPMG Caricom

The world is experiencing an energy trilemma: supply, price, and climate. Helping the energy industry adapt and find new areas of growth is critical now more than ever.

Digital innovation. Geopolitical and market volatility. Increasing demand for decarbonisation.

It's clear that oil and gas companies are facing one of their most challenging times. For many of these organizations, a key to adapting will be finding an informed perspective that can help them position themselves for what the future may bring.

We understand the challenges that are facing the oil and gas industry. Pressure to reduce carbon emissions, volatile commodity prices, changing demand patterns, financing and regulations are all having significant impacts. This environment is difficult for organizations to assess and make change. KPMG firms can help.

## Why choose us?

- ✓ **Expertise:** KPMG professionals support businesses across the oil and gas industry. We have the experience and the knowledge to help your company tackle difficult issues and successfully adapt to change.
- ✓ **Custom solutions:** We can help to grow your revenue, bring efficiency to operations, manage risk or access capital. We aim to future-proof businesses, helping to make them resilient and adapt to emerging challenges.

## How we can help:

- ✓ **Deals:** Deals Strategy, Valuations, Debt financing, Corporate Finance and Power Purchase Agreements, Structuring / M&A Tax
- ✓ **Digital & Technology:** Technology / Digital consulting, Emerging technologies, Cybersecurity, Data privacy, AI
- ✓ **ESG:** ESG and Decarbonization strategy, transformation, Climate risk, Supply chain sustainability, ESG data and reporting, ESG Audit/Assurance, Low carbon finance
- ✓ **Enterprise Risk and Transformation:** Strategy, Revenue Enhancement/Optimization, Change Management



# Our team

KPMG Oil and Gas professionals work with companies across the energy sector to develop and help them to execute their energy transition plans. Globally, we have over 21,000 energy and natural resources (ENR) professionals. Our regional ENR team is part of this global network that has helped businesses in the sector visualize their opportunities, develop their plans, allocate their capital and report on their achievements.

As a result of this expertise in understanding and addressing clients energy transition business challenges, KPMG firms are frequently identified as leaders in various key analyst reports.

Our dynamic team combines industry expertise, innovative thinking, and commitment to excellence, with specialized team members in areas of Enterprise, Risk and Transformation, Deal Advisory, Cybersecurity, IT Consulting and ESG Consulting.

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