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A Snapshot View of Transparency in St. Lucia's Electricity Sector

Summary

Saint Lucia finds itself in a precarious "energy waiting room." Despite a bold national target of reaching 50% renewable energy by 2030, the island remains heavily dependent on imported diesel to meet nearly all its electricity needs. The sector is anchored by a utility holding an 80-year exclusive license, while the legislative reforms intended to invite private competition remain stalled or incomplete. As international oil prices fluctuate, the urgency to move from diesel dependency to a transparent market has never been higher, which could ensure long-term energy security for its tourism-driven economy.

Introduction & Electricity Overview

Saint Lucia's electricity sector is centralized under the St. Lucia Electricity Services Limited (LUCELEC), which is responsible for the generation, transmission, and distribution of power, The system has an installed capacity of approximately 88 megawatts (MW), the majority of which is located at the Cul-de-Sac Power Station.[1] Commissioned in 1990, the facility houses ten diesel-fired engines with a combined capacity of about 86.2 MW, making imported fuel a primary driver of generation costs.[2]

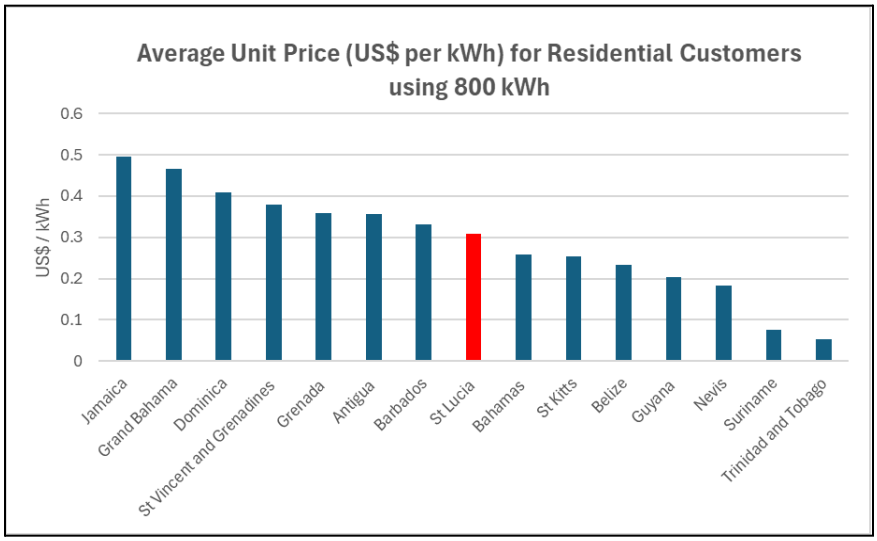
Renewable energy remains a small but growing component of the energy mix. The Vieux Fort Solar Farm, commissioned in 2018, adds approximately 3 MW of photovoltaic capacity and contributes around 5% of the total electricity supply.[3] To support greater integration of intermittent renewables, LUCELEC has begun investing in grid upgrades, including cabling and battery storage integration, to improve system stability and enable further expansion of solar generation.

Background & Market Structure

- St Lucia Electricity Services Limited operates as a publicly traded utility on the Eastern Caribbean Securities Exchange, with a mix of government, institutional, and individual shareholders, and remains the dominant utility on the island.

[1] Saint Lucia Electricity Services Limited (LUCELEC), 2023 Annual Report: Energizing the Path to a Sustainable Future (Castries, Saint Lucia: LUCELEC, 2024), 1–43, https://www.lucelec.com/sites/default/files/annual-reports/LUCELEC-2023-AR-Interactive.pdf.
[2] Saint Lucia Electricity Services Limited (LUCELEC), "Power Plants," LUCELEC, https://www.lucelec.com/content/power-plants.
[3] Saint Lucia Electricity Services Limited (LUCELEC), 2023 Annual Report: Energizing the Path to a Sustainable Future (Castries, Saint Lucia: LUCELEC, 2024), 1–43, https://www.lucelec.com/sites/default/files/annual-reports/LUCELEC-2023-AR-Interactive.pdf.

- The system is integrating small-scale renewables through net-metering, allowing residential solar PV installations up to 5 to 25 kilowatts (kW).
- Electricity tariffs remain high relative to regional peers, with residential customers using 800 kilowatt-hour (kWh per month paying approximately US$0.337 per kWh.
- The reliance of most Caribbean countries on imported diesel and fuel oil for power generation keeps electricity costs high. Trinidad and Tobago has the cheapest electricity due to its access to domestic natural gas, which is sold at below market rates to IPPs, and state-owned national gas company subsidies.



Key players in the power sector

- **St. Lucia Electricity Services Limited (LUCELEC)**: The sole utility provider for the island. LUCELEC is a publicly traded company with a diverse ownership structure comprising both institutional and individual shareholders.
- **National Utilities Regulatory Commission (NURC)**: The independent body established in 2016 to regulate licenses, service standards, and pricing.
- **Ministry of Infrastructure, Ports, Transport, Physical Development and Urban Renewal**: Responsible for national energy policy, legislation, and infrastructure planning.
- **Electrical Division (Ministry of Communications)**: Responsible for the inspection and certification of renewable energy interconnections.

Legal and Regulatory Framework

- **Electricity Supply Act (1994)**: Granted LUCELEC its 80-year exclusive license, effective since 1965.

- **Electricity Supply (Amendment) Act No. 2 of 2016**: Allowed entities other than LUCELEC to generate renewable energy.[4]
- **NURC Act No. 3 of 2016**: Established the independent regulator to ensure fair pricing and oversight.
- **Proposed Electricity Supply Services Bill**: A pending piece of legislation (as of 2025) designed to further liberalize the market and formalize IPP participation.

Current Status of Power Contract Transparency

At present, Saint Lucia has no active Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs) because all commercial generation is currently owned and operated by LUCELEC.

- **The transparency gap**: Although the 2016 Electricity Supply Amendment Act introduced provisions for renewable energy generation and private participation, Saint Lucia's National Energy Policy notes that key licensing, procurement, and market-entry requirements for IPPs were never fully developed. This left important regulatory gaps that limited competition and slowed the expansion of renewable energy projects.[5]
- **Future intent**: The proposed (but not yet passed) Electricity Supplies Services Bill is expected to outline the rights and responsibilities for future private operators. Passage of this bill was delayed in 2025 for further consultation and review by stakeholders.

Key Considerations impacting PPA contracting

- **Legislative stagnation**: The absence of a finalized legal framework for the renewable subsector remains a primary challenge for potential renewable energy projects.
- **High fuel volatility**: Since rates include a monthly-adjusted fuel cost surcharge, consumers are directly exposed to international diesel prices.
- **Grid stability**: To accommodate more solar, LUCELEC has had to integrate battery storage solutions to manage the intermittent nature of renewable energy.
- **Tariff disparity**: Saint Lucia's tariffs (approx. US$0.301–$0.357 per kWh) are significantly higher than those of regional neighbors like Trinidad and Tobago (US$0.054), largely due to the "import-to-generate" model.

Conclusion and Policy Recommendations

To diversify its electricity mix, meet its 2030 renewable energy targets, and support greater private sector participation, Saint Lucia should:

[4] Government of Saint Lucia, "Saint Lucia National Energy Policy 2023-2030," October 2023, https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/saint-lucia-national-energy-policy.pdf.
[5] Government of Saint Lucia, "Saint Lucia National Energy Policy 2023-2030," October 2023, https://www.govt.lc/media.govt.lc/www/pressroom/news/attachments/saint-lucia-national-energy-policy.pdf.

- **Develop standardized PPA templates** to reduce negotiation time, ensure contract consistency, and strengthen risk allocation.
- **Strengthen independent oversight** by ensuring PPA negotiations and approvals are subject to transparent regulatory review.
- **Enhance accountability** by requiring the National Utilities Regulatory Commission (NURC) to publish annual reports on PPA performance, including cost, reliability, and procurement outcomes.
- **Advance regulatory reform by enacting the Electricity Supplies Services Bill**: Establish the regulatory and procurement framework necessary for transparent, competitive, and well-regulated IPP participation.
- **Mandate contract disclosure** by requiring the publication of all new PPAs and related project information.
- **Build institutional capacity** within the Ministry and NURC to negotiate, monitor, and regulate increasingly complex renewable energy contracts.
- **Strengthen public participation** by establishing formal consultation processes for major power procurement decisions and long-term electricity contracts.