

ENERGY MATTERS

Understanding Fuel Supply Chain Impacts on Electricity Costs in the Turks and Caicos Islands

It's important for our customers to understand the fuel supply chain for generating electricity and how that impacts the fuel factor rate on our customers' electricity bills.

FortisTCI purchases diesel fuel to generate electricity from a local supplier, Sun Oil Ltd. of the Bahamas, based on a periodic competitive bidding process. The cost of fuel fluctuates due to the global fuel market.

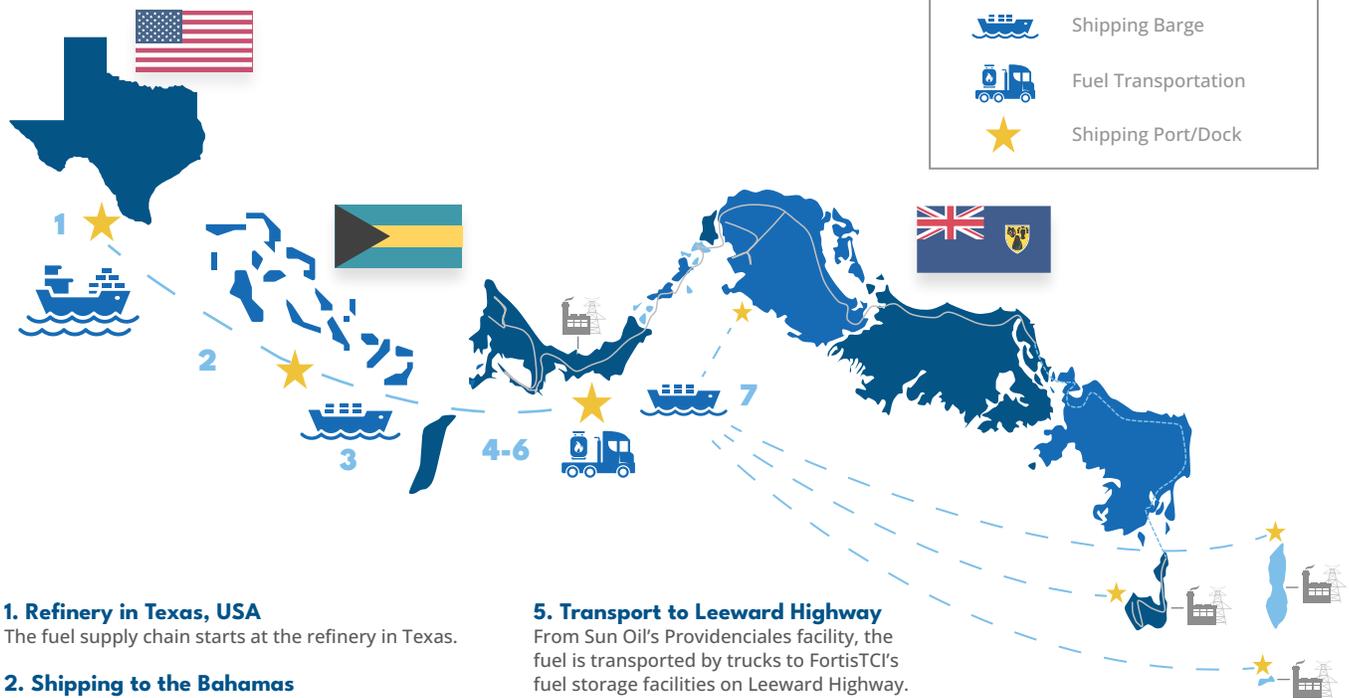
Sun Oil imports the fuel from Texas, USA. Fuel is shipped from Texas to the Bahamas and then to Turks and Caicos Islands.

Due to the absence of a local deep water in Providenciales to accommodate large ships, the fuel cannot be transported directly from Texas to TCI. Each part of the journey incurs fees. The fuel cost includes refinery, shipping, trucking, storage, wharfage and insurance costs, plus government taxes and fees.



FUEL SUPPLY CHAIN

Turks and Caicos Islands



1. Refinery in Texas, USA

The fuel supply chain starts at the refinery in Texas.

2. Shipping to the Bahamas

The fuel is shipped from Texas to Sun Oil in the Bahamas incurring freight and insurance expenses, as well as storage, handling, taxes and wharfage.

3. Transport to Turks and Caicos Islands

Sun Oil transports the fuel to Turks and Caicos Islands by barges that can navigate shallow-water ports due to the absence of a local deep-water harbor in TCI.

4. Off-loading to South Dock

The fuel is delivered to Sun Oil's fuel storage facilities at South Dock for off-loading from the ships.

5. Transport to Leeward Highway

From Sun Oil's Providenciales facility, the fuel is transported by trucks to FortisTCL's fuel storage facilities on Leeward Highway.

6. Daily Deliveries to Providenciales Power Plant

Based on daily energy demand and usage, approximately 6-9 truck deliveries are needed per day to support the required supply to Fortis TCI's Providenciales power plant, where additional transportation costs are incurred.

7. Inter-Island Distribution

Shipped by inter-island barges from Providenciales to Grand Turk, Salt Cay, South Caicos and North Caicos.

Factors influencing the cost of electricity:

- Due to the fuel supply chain and FortisTCL's need to purchase fuel in advance to maintain a stable supply of electricity for customers, there is a two to three month delay before global market fuel prices are reflected in the fuel factor rate on customer electricity bills.
- The fuel factor rate on electricity bills is calculated based on the cost of the fuel at the time of purchase.

Investing in a sustainable energy future:

- FortisTCL is diversifying its energy portfolio to reduce dependence on fossil fuels, lower costs over time, and decrease carbon emissions.
- We are investing in a sustainable energy future to meet our economy's growing energy demand reliably and safely.
- We are a strong supporter of renewable energy in TCI. With 19 customer solar partnerships, we have a total solar capacity of 2.6MW with additional rooftop solar and microgrids planned over the next five years.

Meeting our customers' needs is at the heart of our energy investment strategy. We believe a balanced energy mix ensures reliability, resiliency, sustainability and least-cost electricity for future generations.



FORTIS TCI
ENERGY FOR GOOD™