Kralendijk, Bonaire, July 4th, 2025

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Subject: Comments from ContourGlobal Bonaire B.V. on the Proposed Tariff Methodology (2026–2031) reference: ACM/UIT/649406, Case number: ACM/24/187957

Dear Members of the Board,

On behalf of ContourGlobal Bonaire B.V., we appreciate the opportunity to provide our comments on the draft document reference: ACM/UIT/649406, Case number: ACM/24/187957 — Draft Method decision on electricity and drinking water in the Caribbean Netherlands 2026–2031, as issued under the BES Electricity and Drinking Water Act.

We would like to recognize ACM's efforts in advancing a transparent and forward-looking regulatory framework for electricity and water services in the Caribbean Netherlands. In particular, the inclusion of renewable energy incentives within the proposed methodology signals a shared commitment to the energy transition objectives of the island and the broader Dutch policy goals.

However, from the perspective of a long-term investor and operator of critical renewable infrastructure, we would like to stress that the success of an incentive hinges on creating an environment that ensures bankability and fosters substantial new investments.

A central consideration is the need for long-term certainty regarding revenue streams. Renewable energy assets, particularly wind and solar plants, entail high upfront capital expenditures and have operational lifespans of 20 years or more. To attract competitive project financing, which is vital for minimizing the overall cost of energy to consumers, it is

essential that these assets benefit from stable and predictable cash flows over their economic life. While the draft methodology introduces an incentive mechanism, its current formulation, limited to the tariff period, fails to provide the durability necessary to support non-recourse financing structures. We therefore urge ACM to explicitly confirm that renewable incentives will continue throughout the operational lifetime of assets commissioned within the 2026–2031 window, or alternatively to define clear criteria and processes governing their future review. This clarity would significantly reduce perceived regulatory risk and enable access to lower-cost capital.

Moreover, the proposed cap on incentive overperformance merits reconsideration. The current limit appears to constrain producers' ability to realize the full value of efficiency improvements and resource overperformance, especially when future tariff methodologies cannot be assured beyond a five-year horizon. By raising the overperformance cap to at least 10%, the tariff mechanism would allow the regulated companies to pursue larger, more impactful renewable investments, potentially enabling an increase in the island's renewable penetration by up to 50–60% in addition to the current levels. Such a measure aligns with international best practices, where regulatory frameworks seek to unlock private sector innovation and ambition by providing sufficient headroom for superior performance.

Additionally, the question of demand predictability is crucial. To accurately model future renewable shares and investment feasibility, producers require a well-defined baseline for island electricity demand. The absence of such a baseline introduces considerable uncertainty in energy yield assessments and revenue projections. Establishing and publishing an initial demand reference point would allow developers to carry out robust probabilistic analyses, supporting transparent and consistent evaluation of potential renewable contributions and expected incentive levels. This approach not only improves investment planning but also reinforces the integrity of the incentive scheme itself.

We would also like to draw attention to the current methodology's approach to setting the renewable share used in tariff calculations. At present, this share is fixed on an annual basis and directly affects fuel-related revenues through the passthrough mechanism. However, renewable generation is inherently variable throughout the year due to resource fluctuations (e.g., wind seasonality). When actual renewable shares fall short of annual estimates, producers face under-recovery of fuel costs, effectively eroding margins and threatening financial sustainability. We propose updating the renewable share on a monthly basis, utilizing actual data from the preceding month. This adjustment would reflect the natural variability of renewable resources more accurately, ensure the passthrough mechanism functions as intended, and provide a fairer, more dynamic alignment between realized and forecasted renewable contributions.

Underlying all these points is a fundamental emphasis on revenue visibility and the ability to structure projects in a bankable manner. Without sufficient predictability, capital costs rise sharply, ultimately translating into higher consumer tariffs and slowing the transition to a more sustainable energy mix. Conversely, a methodology that embeds long-term incentive certainty, enables appropriate performance headroom, and provides clear demand baselines strengthens investor confidence and directly supports lower system costs through better financing terms.

In light of the above, we respectfully request ACM to provide a formal response to these comments, clarifying whether and how our proposals can be integrated, or alternatively providing a substantiated rationale in the case of non-acceptance. Such transparent engagement is essential to ensure that regulatory decisions effectively align with the technical and financial realities of renewable energy investment and long-term system sustainability.

We remain at your disposal to discuss these points further and stand ready to provide additional technical or financial analyses that may support ACM in its final deliberations.

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ContourGlobal Bonaire B.V.

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Directeur A