

THE BARBADOS ECONOMIC REPORT
ENERGY CHAPTER 2007

OIL AND GAS EXPLORATION

ONSHORE

During the period January to June of 2007 no new wells were drilled by the Barbados National Oil Company Limited. The total amount of product available for 2007 consists of 2.116 million barrels (bbls) of crude oil and 4,391,785 million cubic feet (mcf) of gas. These figures represent the reserves as June 30th, 2007. The products extracted during the year came from existing wells as well as the wells drilled in 2005 and commissioned in 2006.

PRODUCTION

During the period under review for 2007 the production of crude oil decreased by approximately 7 percent. Production stood at 177,676 barrels (bbls) for the same period during 2006 while output decline to 164,440 barrels in 2007. This decrease was due to the fact that no new wells were drilled to help complement the existing ones.

In 2007 natural gas production by BNOCL decreased by three (3) percent to 420,774 mcf in as compared with 435,271 mcf in 2006. There was no Liquefied Petroleum Gas (LPG) production during 2006 since the LPG plant was taken out of commission in September 2003. In 2004 the decision was made not to extract condensate from the gas in order to boost gas sales.

OIL AND GAS SALES AND CONSUMPTION

Oil sales for the period under review decreased by 12 percent, from 186,694 bbls in 2006 to 163,948 bbls in 2007, while gas sales increased by 2 percent to 241,716 mcf in 2007 as compared to 2006. Total sales by volume in the National Petroleum Corporation (NPC) inventory increased by 2 percent, from 5,729,535 cubic metres in 2006 to 5,838,092 cubic metres in 2007.

This was, in turn, responsible for the increase in the value of sales by 5 percent to \$6,668,526 in 2007 compared with the said period in 2006. Slight increases were seen in residential and commercial sectors.

However there was a decrease in the category of Special Industrial Gas. The expansion programme of the NPC continued by increasing its

network of mains by 2.56 miles and has gained three hundred and fourteen (314) new customers during the period under consideration.

ELECTRICITY

Electricity sales for 2007 increased by 5 percent to \$462.8 million compared to \$441.8 million in 2006 for the mentioned period. This can be attributed to an increase in sales to all categories of customers. The largest category of users continues to be the Domestic Sector, accounting for 32 per cent of total sales or \$148.4 million. The Barbados Light & Power Company Limited (BL&P) expanded its services by investing \$17.6 million to upgrade its capital infrastructure to accommodate forecasted demand in the period January to June of 2007.

REFINED PETROLEUM PRODUCTS

There was an overall decrease in the demand for refined petroleum products during 2007 when compared to 2006. The consumption of gasoline for the period under review for 2007 increased by 2 percent to 409,595 bbls from 402,821 bbls for the same period in 2006 while diesel consumption decreased by 4 percent to 299,601 bbls during January to June when compared to 311,628 bbls in the corresponding period in 2006. Fuel oil, in contrast with the previous year decreased some 1 per cent to 846,089 bbls. Kerosene sales declined 65 per cent to 1,847 bbls during the period under consideration from 4,596 bbls for the same period in 2006.

In response to price increase on the international market during the given period in review, the domestic fuel prices were however not adjusted. At June 30th, 2007 the retail price of gasoline was \$2.15 per litre, \$1.46 per litre for diesel and \$1.37 per litre for kerosene.

RENEWABLE ENERGY

WIND FARM PROJECT

Government is looking at all ways possible to use initiatives to lower its energy bill and a wind farm situated at Lamberts St. Lucy is on the cards. Barbados Light and Power Company Limited has had an Environmental Impact Assessment (EIA) done on the actual project and has submitted an application to the Chief Town Planner (CTP) for approval of the project and the EIA process has been completed.

SOLAR HOUSE

The solar house, an initiative of the Ministry of Energy & the Environment will be used to create greater awareness of renewable energy and the benefits of using various energy conservation technologies for enhanced energy efficiency. This house was completed and opened in June 2007 by the Minister of Energy and the Environment.

The house has different kinds of insulation in the roof to act as a thermal barrier. Insulation is also strategically placed in the walls that will be heavily exposed to sunlight for the same purpose. The windows have a reflective tint to deflect sunlight allow for cooling, this is enhanced by overhangs at each window. In addition to the foregoing, Ceiling fans are also included in four of the rooms to enable any warm air that gathers to circulate. To reinforce the idea of efficiency, the toilet chosen is a low flow one, and the faucets have been fitted with aerators to reduce water wastage.

The house is powered by five (5) sets of four (4) photovoltaic (pv) panel arrays leading to 2 kilowatts (KW). These are used to maintain the charge in 12 deep cycle batteries which actually power the house. The batteries generate a direct current (dc) and must be converted to and alternating current (ac) in order for it to be utilized by normal appliances, this is done using an inverter.

Within the house a number of other renewable energy devices are displayed such as solar powered chimes, solar powered toys, solar powered fans, sunpipe extensions and a sunpipe skylight.

Tours of the house has already begun for schools and the general public. In addition to these it will be used to teach individuals and groups how to conduct home energy audits.

NATURAL RESOURCES

In keeping with its mandate of “promoting and developing all local natural resources, situated both onshore and within its marine jurisdiction, in an economically and environmentally sound manner”, the ministry launched the Barbados 2007 Offshore Licensing Round.

The round was launched in Bridgetown on 22nd June with the second and third legs being held 27th June and 27th July in Houston and London, respectively.

70,000 sq. km of offshore acreage is available, having been carved into twenty six (26) blocks, two (2) of which are not on offer, instead, being retained for future generations of Barbadians. The average size of these bid blocks is 2,700 sq. km, with the maximum block size being 5025 sq. km and 790 sq. km as the minimum.

The main laws have been passed in both houses of Parliament and the Regulations are being finalized. The data room is open and has a steady stream of companies using its services and the data packages are on sale. Following the clarification session which occurred in August 2007, it is hoped to receive bids on 2008-02-01 and announce winners on 2008-02-21.

The Ministry of Energy and the Environment has now started formal negotiations with the Government of Trinidad and Tobago (GOTT) and the Eastern Caribbean Gas Pipeline Company (ECGPCO) on the laying of a gas pipeline between Tobago and Barbados.

The new energy policy draft was published in December 2006 and the final document will be available shortly. The main elements of that policy include energy security and supply, stabilising energy efficiency, competitive energy markets, environmental sustainability and effective and timely implementation of the new policy.

