

FINANCIAL INSIGHTS BLOG

BUDGETING | SAVING & INVESTING | THE ECONOMY

How a Modernized Power Grid Fuels Personal and National Financial Growth

In a significant move towards modernizing the electrical infrastructure on New Providence, the government entered into a 25-year agreement contract with Pike Corporation to upgrade and manage Bahamas Power and Light's (BPL) transmission and distribution (T&D) system through a special purpose vehicle (SPV) called Bahamas Grid Company. The project promises to enhance the reliability, resiliency, affordability, and sustainability of power for Bahamians; and is projected to cost \$130 million to overhaul the current ailing T&D system.

BPL executives have estimated that up to 20 percent of the energy BPL generates isn't delivered to customers because it's lost along its antiquated T&D system. Significantly more than the industry standard of 5-7 percent of primary energy that is lost on a T&D system. This means that more fuel at BPL is wasted to provide energy, on which costs are recouped from customers.

The backbone of a thriving economy is a reliable and efficient power grid. Modernizing this critical infrastructure not only ensures the lights stay on but also acts as a catalyst for financial growth at both personal and national levels. This is why CFAL was excited to partner with BGC in raising funding for the project that is expected to have a transformative impact on national development. Let's explore how a modernized power grid contributes to economic prosperity and healthy personal financial well-being.

Enhancing Personal Financial Stability

One of the most immediate benefits of a modernized power grid is its impact on household finances. A reliable electricity supply reduces the frequency and duration of power outages, which in turn minimizes the need for expensive backup solutions like generators and the need to replace expensive appliances because of frequent power surges.

Additionally, modern grids often incorporate smart technologies that allow consumers to monitor and manage their energy usage more efficiently. This can lead



to significant savings on electricity bills.

Stimulating National Economic Growth

On a larger scale, the modernization of the power grid is a significant driver of national economic growth. Reliable, affordable, and efficient power supply is essential for the development of new businesses and industries. Companies rely on consistent electricity to operate efficiently, and frequent outages disrupt operations, leading to financial losses and decreased productivity.

For businesses, lower energy costs translate into reduced operating expenses, which can also be passed onto customers, thereby reducing the cost of living. Companies could also reinvest their savings from reduced electricity costs into expanding their operations and improving services. This cycle of reinvestment and growth drives economic prosperity and enhances the nation's overall economic standing.



Reducing BPL's Operational Costs

Modernizing the power grid can lead to significant cost savings for both BPL and consumers. An upgraded transmission and distribution system reduces energy losses, which would lower BPL's operational costs. These savings can be passed on to consumers as electricity rates are eventually reduced.

Promoting Sustainable Economic Development

Sustainable economic development is another key benefit of a modernized power grid, and a modern grid supports long-term economic growth that is environmentally responsible.

Countries with modernized power grids are better positioned to meet their sustainability goals, reduce carbon emissions, and mitigate the impacts of climate change. This commitment to sustainability enhances the nation's global reputation and fosters economic partnerships that are essential for future growth.

Positioning the Nation for Long-Term Prosperity

Addressing the longstanding issues with BPL's inefficient generation, transmission and distribution is about more than improving power reliability. While the decision to have a third-party partner with BPL to upgrade the T&D system has faced some opposition from the line staff union and some citizens, the long-term benefits for residents, businesses, and the economy are substantial and far-reaching.

CFAL is here to help.

If you need help achieving your financial goals, feel free to reach out to us for a Financial Planning Session. Our Certified Financial Planners are here to assist you with your budgeting, saving, and investing needs.

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