CAYMAN ISLANDS

FUEL MARKET REGULATION (AMENDMENT) BILL, 2026

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A BILL FOR AN ACT TO AMEND THE FUEL MARKET REGULATION ACT (2017 REVISION) TO GIVE THE UTILITY REGULATION AND COMPETITION OFFICE THE POWER TO REQUIRE ANY FUEL SUPPLY CONTRACTS OF SECTORAL PROVIDERS BE RETENDERED IN THE PUBLIC'S INTEREST AND FOR INCIDENTAL AND CONNECTED PURPOSES

PUBLISHING DETAILS

Sponsoring Member: Christopher Saunders, MP, Bodden Town West

Memorandum of

OBJECTS AND REASONS

This Bill amends the Fuel Market Regulation Act (2017 Revision).

Clause 1 provides the short title and commencement of the legislation.

Clause 2 amends Section 2 of the principal Act by adding several definitions. The principal Act is amended to add the following definitions:

- fuel supply contract
- re-tender
- significant market power sectoral provider

Clause 3 amends Section 7 of the principal Act to give the Utility Regulation and Competition Office the power to review all fuel supply contracts, determine if the contract is still in the public's best interest, and provide notice, if necessary, if the contract should be re-tendered, and the principles that should be followed in the re-tendering process.

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Arrangement of Clauses

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ENACTED by the Legislature of the Cayman Islands.

Short title and commencement

1. (1) This Act may be cited as the Fuel Market Regulation (Amendment) Act, 2026.

(2) This Act shall come into force on such date as may be appointed by Order made by the Cabinet.

Amendment of section 2 – Interpretation

2. The principal Act is amended in section 2 by inserting in the appropriate alphabetical sequence, the following definitions –

"fuel supply contract" means any contract, licence condition, concession or other arrangement, however styled, under which a significant market power sectoral provider supplies, imports, stores or distributes fuel to or on behalf of the Government, a statutory authority, or the public generally;

"re-tender" means a competitive procurement process conducted in accordance with section 7C;

"significant market power sectoral provider" means a sectoral provider listed in the Schedule or otherwise determined to have significant market power under section 44(1) of the Utility Regulation and Competition Law, 2024.

Insertion of sections 7A, 7B, 7C, 7D, 7E, 7F – Office's power to review fuel supply contracts; determination and notice; re-tender process; compensation; right of appeal; relationship with the Utility Regulation and Competition Act, 2024

3. The principal Act is amended by inserting after section 4 the following sections –

"Office's power to review fuel supply contracts

7A. (1). The Office may, on its own initiative or on a direction of the Cabinet under section 4, review any fuel supply contract held by a significant market power sectoral provider to determine whether it continues to serve the objectives set out in section 3(2), and in particular whether it offers best value to consumers and the public purse.

(2). In conducting a review under subsection (1), the Office shall have regard to —

(a) whether the contract was awarded following a competitive tender process;

(b) whether the pricing, terms or duration of the contract are materially inconsistent with prevailing market rates for comparable fuel supply arrangements, including international price levels referred to in section 3(2)(c);

(c) the length of time the contract has been in force without re-tender;

(d) any evidence of collusive practices, undue enrichment, or abuse of a dominant position by the contract holder in connection with the contract; and

(e) the impact of the contract on the cost of fuel to consumers and on public expenditure.

Determination and notice

7B. (1). Where, following a review under section 7A, the Office is satisfied that a fuel supply contract no longer serves the objectives set out in section 3(2), the Office may issue a determination to that effect.

(2). Before issuing a determination under subsection (1), the Office shall —

(a) give written notice to the contract holder and to any other party to the contract, setting out the grounds on which the Office proposes to make its determination;

(b) afford the contract holder a period of not less than forty-five days to make written or oral representations; and

(c) consider any representations made under paragraph (b) before issuing its determination.

(3). A determination under subsection (a) shall specify —

(a) the date, being not earlier than one hundred and eighty days after the determination, on which the fuel supply contract shall be treated as terminated;

(b) the arrangements for continuity of fuel supply pending completion of a re-tender under section 7C; and

(c) whether, and to what extent, compensation is payable under section 7D.

(4). A determination under this section is an administrative determination for the purposes of the Utility Regulation and Competition Law, 2024 and sections 7 and 8 of that Law (duty to consult, duty to publish) apply accordingly.

Re-tender process

7C. (1). Where the Office has issued a determination under section 7.2, the Office shall, within thirty days, direct a re-tender process for the supply of fuel previously covered by the terminated contract.

(2). A re-tender under this section shall be —

(a) open, transparent and non-discriminatory;

(b) conducted in accordance with published criteria weighing price, security of supply, technical capacity and value for the public; and

(c) open to the incumbent contract holder on the same terms as any other bidder.

(3). The Office shall publish the outcome of a re-tender under this section, together with its reasons, within thirty days of the process concluding.

Compensation

7D (1). Where a fuel supply contract is terminated under sections 7A to 7F before the expiry of its original term, the holder of that contract shall be entitled to compensation limited to costs reasonably and demonstrably incurred in performing the contract that cannot be recovered through the wind-down period specified under section 7B (3)(a).

(2). Compensation under this section shall not include any element for loss of prospective profit under the terminated contract.

(3). Any dispute as to the amount of compensation payable under this section may be referred by either party to arbitration under an alternative dispute resolution scheme established under section 61 of the Utility Regulation and Competition Law, 2024.

Right of appeal

7E. A person aggrieved by a determination made under section 7B may, within forty-five days of the determination, appeal to the Grand Court by way of judicial review, in accordance with section 92 of the Utility Regulation and Competition Law, 2024.

Relationship with the Utility Regulation and Competition Law, 2024

7F. For the avoidance of doubt, nothing in sections 7A to 7E limits the Office's powers under Part 7 (Significant market power) or Part 12 (Anti-competitive practices) of the Utility Regulation and Competition Law, 2024, and those powers may be exercised concurrently with, or independently of, a review under this section.".

Passed by the Parliament the day of , 2026.

Speaker

Clerk of the Parliament