



CARIBBEAN
HOTEL & TOURISM
ASSOCIATION



Empowering the Caribbean Tourism Industry through Renewable Energy: A Call for Policy Action

I. INTRODUCTION

The Caribbean tourism industry is a key driver of economic growth, yet it faces a fundamental challenge: high and volatile energy costs due to dependence on imported fossil fuels. The high cost of electricity reduces profitability, limits investment in guest experiences, and threatens the region's long-term competitiveness. Meanwhile, ***restrictive policies and regulations on the use of self-generated renewable energy systems, sizing limitations for such systems, and grid access prevent businesses from fully leveraging renewable energy solutions.***

Tourism businesses are among the region's largest energy consumers, largest employers and largest tax revenue generators in the Caribbean. As such, they have a vested interest in supporting policies that improve renewable energy access. The industry has played a proactive role in advancing energy efficiencies and the use of renewable energy resources. Actions in these areas have included:

- **Assessments and Audits** to identify and implement new investments and operational efficiencies to reduce costs
- **Advocating for Policy Change:** Advancing incentives for greater efficiencies and fair energy regulations
- **Partnering with Multi-Lateral Organizations** to support greater efficiencies
- **Investing in Pilot Projects:** Demonstrating the viability of renewable solutions through flagship installations

- **Education and Training:** Directed at business owners and managers, employees and tourists
- **Promoting Sustainability Initiatives** as part of business public relations, marketing and branding efforts.

While the abovementioned efforts have yielded results, much more needs to be accomplished. A progressive, tourism-focused renewable energy policy can provide hotels, resorts, and other travel-related businesses with cost-effective, sustainable energy. *This paper outlines why increasing private-sector access to renewable energy, storage solutions, and more flexible regulatory frameworks will benefit the Caribbean tourism industry and national energy resilience while accelerating progress toward carbon neutrality.*

II. THE CASE FOR RENEWABLE ENERGY IN THE TOURISM SECTOR

1. Financial and Competitive Benefits

- **Stable Energy Costs:** Renewable energy systems, such as solar and wind, provide predictable energy costs, shielding businesses from global fossil fuel price volatility.
- **Increased Investment in Guest Experience:** By reducing energy expenses, hotels and tourism businesses can reinvest in infrastructure, services, and marketing, enhancing the region's attractiveness to international travelers.
- **Sustainable Branding:** Travelers increasingly prioritize eco-conscious destinations. Implementing renewable energy enhances the global reputation of Caribbean destinations.

2. Strengthening Grid Stability & Energy Independence

- **Reduced Grid Demand:** Allowing private-sector renewable installations at scale lessens strain on the national grid, reducing peak demand and minimizing grid stability issues, service disruptions, brownouts and blackouts.
- **Resilience Against Natural Disasters:** Distributed renewable systems with battery storage ensure backup power, enhancing operational continuity during storms and hurricanes.
- **Less Reliance on Imported Fuels:** Reducing fossil fuel imports enhances economic stability and reduces vulnerability to global supply chain disruptions. It

also has the added benefit of reducing overall fuel surcharges across all accounts regardless of type of customer.

III. KEY BARRIERS IN THE CURRENT POLICY LANDSCAPE

1. Arbitrary System Sizing Restrictions

- Current policies often impose arbitrary kilowatt (kW) caps on renewable energy installations, preventing businesses from deploying systems that fully or better meet their energy needs.
- Instead of fixed size restrictions, system capacity should be based on site feasibility, financial capability, and grid impact assessments.

2. Regulatory Hurdles & Monopolized Utilities

- Many island utilities operate as monopolies, limiting private-sector participation in energy generation.
- Lengthy permitting and interconnection processes discourage investment in commercial renewable projects.
- Utilities often impose unfair fees or restrictions on self-generators, discouraging private investment.

3. Limited Incentives for Renewable Energy Adoption

- Limited financial incentives, such as tax exemptions, grants, or low-interest loans, exist to help businesses overcome high upfront costs. This varies greatly from island to island.
- Net billing and feed-in tariffs often undervalue the contributions of private renewable energy generators.

IV. RECENT INDUSTRY RESEARCH

To better understand the extent to which the policy and regulatory environment in the region supports and/or restricts self-power generation by hotels and tourism-related enterprises, CHTA and CAST recently surveyed 17 Caribbean jurisdictions.

Jurisdictions participating in the research directed to local hotel and tourism associations included: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Lucia, Saint Martin, St. Vincent and the Grenadines, Surinam, Turks and Caicos, and the U.S. Virgin Islands.

Key findings and areas for consideration in improving the policy/regulatory environment include:

- Most jurisdictions (89%) permit renewable energy installations and power generation by businesses. However, restrictions and approval hurdles are hampering business investments in renewables in many jurisdictions.
- Nearly four out of ten (39%) of jurisdictions point to the need for greater clarity regarding requirements for permitting renewable energy systems in place.
- The shortage of a qualified local workforce to support installation and servicing of renewable energy systems is cited by 31% of Caribbean jurisdictions.
- Obtaining low-cost financing by businesses for renewable investments is a barrier to such investments.
- Investment incentives to stimulate purchases of renewable equipment and battery storage systems are non-existent or insufficient to stimulate business investments in many jurisdictions.
- Buy-back programs by utility companies do not exist in 47% of the jurisdictions and where they do exist the credits are generally substantially lower than rates charged by the utilities

The research results are attached to this report.

V. POLICY RECOMMENDATIONS FOR GOVERNMENTS

1. Adjust System Sizing Guidelines

- Eliminate arbitrary kilowatt (kW) restrictions on commercial self-generation.
- Implement a tiered approach that allows larger systems based on technical feasibility and grid demand.

2. Facilitate Energy Storage & Grid Integration

- Establish clear legal and technical frameworks for Battery Energy Storage Systems (BESS), ensuring businesses can integrate storage solutions.

- Offer incentives such as tax rebates, or waived interconnection fees for businesses that install storage alongside renewable systems.
- Enable BESS to participate in grid stabilization efforts, allowing businesses to provide ancillary services like frequency regulation and peak shaving.

3. Improve Private-Sector Participation & Grid Flexibility

- Permit hotels and resorts to sell excess electricity back to the grid at fair market rates through net billing mechanisms.
- Remove regulatory barriers preventing private-sector participation in large-scale renewable energy projects.
- Increase transparency in grid interconnection requirements and streamline the approval process for commercial installations.

4. Strengthen Financial Incentives

- Provide financial support such as grants, tax breaks (e.g. eliminate tariffs and VAT on renewable energy systems) and low-interest loans for renewable energy adoption in the tourism sector.
- Implement time-of-use pricing to encourage energy consumption during peak renewable generation hours.

5. Encourage Public-Private Partnerships (PPPs)

- Foster partnerships between utilities, governments, and tourism businesses to co-develop renewable energy infrastructure.
- Support shared solar farms or wind projects that benefit both local communities and tourism operators.

6. Capacity Building & Awareness

- Develop training programs for renewable energy system installation and maintenance, creating local job opportunities.
- Launch public awareness campaigns showcasing successful tourism-sector renewable energy projects.

VI. UNLOCKING CLIMATE FINANCE OPPORTUNITIES

Scaling up renewable energy adoption in the Caribbean tourism sector presents a strong case for mobilizing international climate finance. As a high-emission, climate-vulnerable sector, tourism is well positioned to benefit from targeted investments that align with mitigation and resilience objectives.

Key opportunities which should be advanced by the public and private sectors, with multi-lateral, development bank, private financing organizational support where appropriate, include:

- **Accessing Multilateral Climate Funds:** Projects that promote clean energy adoption and resilience in tourism enterprises may qualify for financing through the **Green Climate Fund (GCF), Adaptation Fund**, or the **Climate Investment Funds (CIF)**. These finance instruments support initiatives that deliver measurable emissions reductions, enhance energy security, and build adaptive capacity.
- **Blended Finance and De-risking Instruments:** Through partnerships with development finance institutions (e.g., the **Caribbean Development Bank, IDB, World Bank and CAF**), governments and private tourism actors can leverage concessional loans, guarantees, and results-based financing to reduce investment risk and attract private capital.
- **National Climate Funds and Trust Mechanisms:** Many Caribbean countries have established or are developing **national climate funds** that can be tapped to support renewable energy upgrades in strategic sectors like tourism, especially when these are aligned with Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).
- **Carbon Market and ESG Financing:** Hotels and tourism enterprises investing in verifiable emissions-reducing technologies can explore participation in **voluntary carbon markets** and **ESG-linked investment platforms**, offering new revenue streams and reputational value.

Attention should be given to supporting low-interest financing and/or leasing mechanisms which also support the participation of small and medium-sized entities (i.e. hotels under 200 rooms), often left out of financing schemes which are generally tailored to larger-scale investments.

Unlocking these financing avenues requires enabling policies, credible project pipelines, and strong public-private collaboration. Tourism's visibility and economic weight make it an ideal entry point for demonstrating scalable, climate-resilient development in Small Island Developing States.

VII. ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

This initiative aligns with the United Nations Sustainable Development Goals, particularly:

- **SDG 7 – Affordable and Clean Energy:** By removing regulatory barriers, enabling private-sector investment, and incentivizing energy storage and self-generation, this initiative directly promotes access to reliable, affordable, and modern energy services. It supports the diversification of energy sources through increased uptake of solar, wind, and storage technologies across a high-impact economic sector.
- **SDG 8 – Decent Work and Economic Growth:** The integration of renewable energy into the tourism industry promotes local job creation in system design, installation, and maintenance. It also enhances the sector’s competitiveness by reducing operational costs, thereby stimulating investment, increasing productivity, and supporting sustainable economic growth.
- **SDG 13 – Climate Action:** Facilitating the transition from fossil fuels to renewable energy in one of the Caribbean's most energy-intensive sectors contributes significantly to national greenhouse gas (GHG) mitigation targets. It enhances climate resilience through decentralized energy systems and reduces the sector’s vulnerability to fuel price shocks and natural disasters.

Collectively, these measures promote a green transformation of the Caribbean tourism sector, supporting long-term sustainability and regional development in line with global climate and development commitments.

VIII. CONCLUSION: A WIN-WIN FOR THE CARIBBEAN

Empowering tourism businesses with better access to renewable energy will enhance the competitiveness of the Caribbean tourism industry, improve grid stability, and accelerate progress toward carbon neutrality. By modernizing regulations, incentivizing private investment, and enabling energy storage solutions, governments can foster a resilient, sustainable energy ecosystem that benefits both businesses and the broader economy.

The time for action is now. A unified, collaborative and forward-thinking renewable energy policy, supported by ongoing training, financing avenues, and performance measures will ensure that the Caribbean remains a premier travel destination while leading the charge in sustainable energy innovation.

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