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Bahamas Power and Light Company Ltd.

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20 July, 2016

Utilities Regulation & Competition Authority
Frederick House
Frederick Street
Nassau, Bahamas.

Attn: Ms. Kathleen Smith – Chief Executive Officer

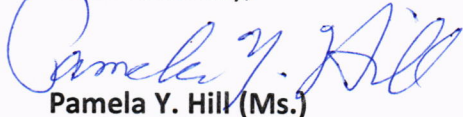
Dear Ms. Smith,

Re: Consultation on Draft Public Electricity Supplier Licence

Reference is to above and URCA's letter of 6 July, 2016, forwarding to BPL the draft licence for review and consultation.

Attached please find BPL's comments regarding the draft licence, for URCA's consideration as requested. Should there be any concern which arise from BPL's comments, please do not hesitate to contact the undersigned.

Yours faithfully,



Pamela Y. Hill (Ms.)
Chief Executive Officer

attachment: per above

cc: Executives/BPL

BPL's Comments on URCA Proposed Licence

20 July, 2016

Page	Section & Title	Comment
13	2 - Definitions	
13		'Electricity Supply System', 'IPP' and 'Licensee' are statutory terms defined under the Act. If there is a conflict between the definitions set forth in the License and the statutory terms defined under the Act, the definitions under the Act shall apply. Please clarify intention on use of terms in the License.
14		"Generating Facilities" – It is proposed that this definition be amended to include 'rented' after the word 'controlled' on second line, as BPL would also have rented equipment in some instances.
16		'Subsidiary Undertaking'– the word 'have' is missing
16		'Transmission Electricity Supply System' – words 'supply electricity' seem to be a typo; please confirm.
16		2.2.2 – reference to 'Communications Act' should read "Electricity Act".
18	Change in Control	5.1 – "Named Licensee" and "Notified Licensee" are not defined terms in the definitions at the beginning of the License. Please define terms.
18	Assignment or transfer of licence	<u>6.1</u> : BPL proposes deleting the words on second/third lines - "or transfer or dispose of any of its assets".
18		<u>6.3</u> : BPL proposes reduction of time limit for response to 20 calendar days.
	8.1 Communication	(b) – delete 'Managing Director'
19	8.2	Use of "registered" post to post references is proposed; and add that electronic mail or facsimile deemed to be served "if sent to correct email address or fax number".
21	11 – Obligation to perform	11.1 – BPL proposes 'modern standards' be changed to 'standards agreed by URCA and the Licensee' to ensure clarity and benchmarks to be used; and 'reasonable rates' amended to "approved rates".
		11.3 – BPL proposes deleting the wording here and using language consistent with 24.2 instead:

		<p>“Subject to the provisions of this licence and to the technical and economic constraints regarding access to the electricity supply system, the Licensee shall provide access to its transmission and/or distribution electricity supply system as appropriate, and interconnection access and service, on a non-discriminatory basis to facilities that it operates on approved requests by IPPs and, where appropriate, other approved transmission licensees.”</p> <p>11.4 should move up and become 11.3. (11.3 above should become 11.4)</p>
		<p>11.5 – clarity required as to what ‘reasonably practicable steps to maintain’ is intended; what standard/criteria will be used to determine this?</p>
		<p>11.5 (numbering error) – “The Licensee shall inform URCA about measures taken to resolve unplanned interruptions as required by URCA.”</p> <p>BPL proposes deletion of this clause, as obligations to report contained under s.16.</p>
22	12 – Step-in Rights of Minister	<p>This part of the licence is related to s.34 of the Act.</p> <p>It is proposed all terms here under (a) to (g) be moved to the ‘Definitions’ section.</p> <p>BPL proposes definition of “Forced Outage” based on IEEE definition standard to be:</p> <p style="padding-left: 40px;">“A power outage that results from the failure of a system component, requiring that it may be taken out of service immediately, either automatically or by manual switching operations, or an outage caused by improper operation of equipment or human error. This type of power outage is not directly controllable and is usually unexpected.”</p> <p>12.2(b) and (f) – would refer to paragraph 12.3</p>
23		<p>12.3(a) – Time period concerning ‘prompt notice’ should be clarified.</p> <p><u>12.3.b.i.c</u>: BPL proposes amending to read:</p> <p style="padding-left: 40px;">“an action or failure to act by the Minister, his designee, or any Government of The Bahamas official or designee in contravention...”</p>
24	Role and Duties of URCA	<p><u>13</u>: BPL proposes inserting a new section 13.3 after 13.2 to state that:</p> <p style="padding-left: 40px;">“URCA is to provide the Licensee with 45 days to respond to a notice for data requests to permit and encourage the Licensee</p>

		to leverage existing data in cases where URCA makes a request for such data, information or reports, in order to provide the Licensee with the cost build up and justification for an increase in or addition of URCA costs that must be borne by the Licensee, and to permit the Licensee to pass through URCA fees and costs (but not penalties) borne by the Licensee.”
24	Payment of Fees and Contributions	15.1(a) - the annual URCA fee Licence should take the place of the Business Licence fee. 15.2 Annual Fees should be based on turnover, with the exclusion of fuel charge.
25		15.3 – BPL’s position above is repeated, i.e. the Annual Fees should be based on turnover, with the exclusion of fuel charge.
25	Reporting Obligations	16.1 – 10 years should be changed to 5 years; <u>16.2</u> : BPL proposes to delete this sub-clause. <u>16.4</u> : Change 24 hours to 48 hours. Based on IEE definition of Major Outage (with modification) proposed as follows: “Major Outage - designates an outage that exceeds design limits of facilities and/or equipment that satisfies any of the following: (a) extensive mechanical damage to facilities; (b) more than a specified percentage of customers out of service; and (c) service restoration longer than a specified time Typical industry criteria would be 10% of customers out of service and 24 hours or more restoration time.”
26		16.6 – and 16.7 BPL’s position is that having submitted the Business Plan for information purposes which was accepted by URCA, the requirement/compliance for the 5 year period has been met.
26	Economic Purchasing of Goods and Services	17.2—delete “for consideration” at end of sub-clause.
27	Information, Audit Inspection and Access Obligations	20 – BPL proposes adding a time period of 45 days from notice received by URCA in order to provide any requested information. <u>20.</u> : insert additional provisos that: URCA shall: 1) provide the Licensee with 45 day period to gather such information,

		<p>2) not publish confidential information that will jeopardize the competitiveness and robustness of offers from and negotiations with counter parties, and</p> <p>3) notify Licensee when and in what periodicals information or data is published.</p> <p>20.2 – second line – delete words “as URCA may specify” and replace with “available to Licensee”.</p>
29	Outsourcing	23-- BPL proposes deletion of this clause.
29	24 – Duties of Licensee	24.2 – mirrors 11.3 as noted above; the requirement to provide access and service ought to be on approved requests.
30	Transmission and distribution standards	<p>s.25 –</p> <p>BPL proposes on third line move the words “<i>Canadian Standards Association (CSA)</i>” to the last line at end of the clause. Additionally, delete the words “the and other” which remain on same third line, so it reads”</p> <p>“... the Standards issued by recognised international standards institutions such as...”</p>
30	26 – Technical Service Levels	<p>26.1 – BPL proposes deleting the words “from time to time” at the end of the sub-cause.</p> <p>26.2 BPL proposes adding to end of this sub-clause “within 45 days of the approved financial period”.</p> <p>26.3, 26.4 and 26.6 – BPL proposes deletion of these sub-clauses.</p>
		26.8: BPL proposes adding “URCA shall not publish confidential information that prejudices the Licensee’s ability to enter into or maintain competitive agreements with counter-parties.”
31	Development of and compliance with technical and operational codes	<p><u>27.4</u>: BPL proposes inserting proviso that:</p> <p>“URCA shall consult with Licensee to define any changes or additions to technical codes, and shall not unreasonably require such changes or additions unless the Licensee is in breach of a technical code or codes.”</p>
32	Duties of Licensee	<p>28.3 – Second line - BPL proposes deletion of words “or is qualified to enter” which would impose a duty on a licensee to provide service without an agreement. Such a duty would also offend the existing Regulations of S.60 (5) – Application for Supply of Electricity, generally, and 5(c), in particular:</p> <p><i>“(c) Application for supply of electricity shall be made by the owner or occupant of the premises in respect of which the installation has been completed. Connection to provide a supply of electricity shall in all cases be subject to the</i></p>

		<p>acceptance by the Corporation of the installation and to the completion of a Supply Agreement between the applicant and the Corporation. <i>The Corporation may, at its discretion, require the applicant to pay a deposit not exceeding the estimated cost of one quarter’s consumption as estimated by the Corporation, together with a sum to cover the proper care and maintenance of meters and other fixtures installed by the Corporation on the consumer’s property, before connection providing electricity be made.”</i></p>
33	29 – duty to secure long term electricity supply (heading needs to be checked)	29.4 – BPL proposes adding time factor that URCA shall provide a written decision within 10 days of notice, and URCA shall not unreasonably withhold its written consent.
36	Preparation, review of and compliance with codes of practice	<u>33</u> : BPL proposes deletion of all clauses here and simply state that “the Licensee shall adhere to the applicable statute laws and the Customer Protection Plan filed with URCA”.
37	Duties as electricity supply system operator	<u>35.5</u> – BPL requires confirmation of the guidelines to be used.
		35.7 BPL proposes deletion of the words “in consultation with URCA” on second line.
40	Renewable energy development and operations	39.1 – BPL proposes deletion of words “both at the wholesale and customer owned-on-site levels” from second line.
40	Part G	Typo in heading ‘Mechanism’
43	Part H- Transitional Condition	<p>BPL proposes inserting a sentence at the end of this paragraph that says:</p> <p>“For the avoidance of doubt, if there is a conflict between the terms in the License and resulting actions that URCA would take under the License, versus the terms in the Act and resulting actions that URCA would take under the Act, the terms in the Act shall apply.</p>