



**CONSULTATION ON:  
PUBLIC ELECTRICITY SUPPLIER LICENCE**

**ES 02/2016**

**Issue Date: July 6, 2016**

**Response Date: July 20, 2016**

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## **1. Introduction**

The Utilities Regulation and Competition Authority (URCA) is the independent regulator and competition authority for the new regulatory regime established under the Electricity Act, 2015 (EA) regarding the Electricity Sector (ES) in The Bahamas. URCA has regulatory remit for licensing all persons who generate, transmit, distribute or supply electricity within, into, from or through The Bahamas. URCA's powers and functions are set out in the EA and include the power to grant a licence with terms and conditions consistent with section 48 of the EA and the national energy and electricity sector policies, respectively, as URCA considers appropriate.

The EA requires URCA to issue various types of licences to be granted to specific categories of persons and entities in the ES. URCA considers the period between which existing electricity service providers are granted an URCA licence in accordance with the EA to be a transitional period. URCA notes that the process to prepare, consult and finalise the comprehensive category of licences suitable to address all the matters necessary for the operations of public electricity suppliers and other ES licences will require an extensive public engagement outside of this consultation process. Once this process is completed, all existing electricity providers will be required to obtain the appropriate licence from URCA.

This Consultation Document is specific to the public electricity supplier licence (the Licence) regulating the electricity generation, transmission, distribution and supply functions of the Bahamas Power and Light Company Limited (BPL) and the Grand Bahama Power Company Limited (GBPC) that URCA will issue to BPL and GBPC.

URCA has not posed any specific questions under this Consultation Document. URCA, however, invites general submissions and comments to its approach to licensing under this transitional period of the EA. URCA particularly encourages submissions and comments on the terms and conditions contained in the draft public electricity supplier licences. URCA believes that such submissions and comments would be helpful to further developing the licensing regime for the ES going forward.

### **1.1 How to Respond**

URCA invites and welcomes written submissions and comments from interested parties with sufficient interest in the subject matter of this Consultation Document.

The written submissions and comments must be received by URCA within fourteen (14) calendar days from the publication of this Consultation Document.

**The deadline for receiving written submissions and comments is 5:00 p.m. on July 20, 2016.**

The written submissions and comments should be submitted to URCA either:

- (i) by hand to: the Chief Executive Officer, Utilities Regulation and Competition Authority, Frederick House, Frederick Street, Nassau, Bahamas; or
- (ii) by email to: [info@urcabahamas.bs](mailto:info@urcabahamas.bs); or
- (iii) by mail to: P.O. Box N-4860, Nassau, Bahamas or
- (iv) by facsimile to: (242) 393-0237.

After the period for submissions and comments closes, URCA will carefully consider all submissions and comments and shall issue a Statement of Results and Decision setting out the finalised text of the licence it proposes to grant to BPL and GBPC during the transitional period to the new licensing regime.

As soon as reasonably practicable after the close of the response date for this consultation, URCA intends to publish all responses on the URCA website at [www.urcabahamas.bs](http://www.urcabahamas.bs).

The Statement of Results and Decision along with the finalised text of the licence will be published within fourteen (14) calendar days from the deadline for submission of representations.

## **1.2 Confidentiality**

URCA may treat as confidential responses that are clearly marked (in part or full) as being confidential. Explanation should be provided to justify any information that is submitted on a confidential basis. URCA has the sole discretion to determine whether to publish any submission marked as confidential.

## **1.3 Structure of the Remainder of this Document**

The remainder of this document is set out as follows:

- Section 2: Background – sets out the background to the issuance of this Consultation Document;
- Section 3: Regulatory Framework – sets out the framework under which URCA has exercised its powers to issue this Consultation Document and the Licence;
- Section 4: Next Steps – sets out the “next steps” in the consultation process to the end of issuing the public electricity supplier licence; and

Annex A: Contains a copy of the Draft Public Electricity Supplier Licence.

## **2. Background**

In this Section, URCA sets out the background to the issuance of this Consultation Document.

On January 28, 2016, the EA came into operation and thereby established URCA as the governing body of the new regulatory regime for the ES in The Bahamas.

Subject to the savings and transitional provisions of the EA, under section 23(4) of the EA, URCA was required to grant a public electricity supplier licence to BPL to perform generation, transmission, distribution and supply (GTDS) functions in The Bahamas, and to GBPC to perform GTDS functions in the Port Area of Grand Bahama within ninety (90) days of the coming into operation of the EA. The EA contemplated that URCA would have granted a public electricity supplier licence each to BPL and GBPC by April 28, 2016.

The prescribed process under the EA for URCA to issue a public electricity supplier licence suitable to address all the necessary matters required for the operation of BPL and GBPC moving forward militated against the issuance of the said licence as contemplated under the EA. However paragraph 4 of the Second Schedule of the EA allows for the continuation of operations of an existing GTDS service provider until such time as it is able to receive a public supplier licence from URCA in accordance with the EA.

URCA is of the view that a protracted period of operation by BPL and GBPC under the savings and transitional provisions of the EA and not under a licence duly issued by URCA would be unsatisfactory and inconsistent with the policy objectives of the EA and the Energy Sector Policy (ESP). As such, URCA has commenced this consultation process to the end of issuing, within a reasonable timeframe, both BPL and GBPC a licence for this transitional period to the new ES licensing regime.

In light of the foregoing, URCA now issues this Consultation Document in order to receive submissions and comments from interested parties prior to making a Final Decision regarding the grant of the public electricity supplier licence.

## **3. Regulatory Framework**

This Section sets out the regulatory framework under which URCA has exercised its powers to issue this Consultation Document.

The EA came into operation on January 28, 2016 pursuant to Statutory Instrument No. 7 of 2016.

Section 22 of the EA, establishes URCA as the independent regulator of the ES and empowers it to exercise and perform its functions and power in accordance with the provisions of the EA and the URCA Act.

Section 23(4) of the EA provides that, “subject to paragraph 4 of the Second Schedule, URCA shall within ninety days from the date the EA comes into operations –

- (a) grant to BPL a public electricity supplier licence regulating the electricity generation, transmission, distribution and supply functions and activities of BPL; and
- (b) grant to the Grand Bahama Power Company a public electricity supplier licence regulating the electricity generation, transmission, distribution and supply functions and activities of the company in the Port Area”.

Paragraph 4 of the Second Schedule provides that:

“Notwithstanding any provision of [the EA] –

- (a) BPL shall ... perform in the islands of New Providence and the designated Family Islands the GTDS functions previously performed by the Corporation until such time as it receives a public electricity supplier licence from URCA in accordance with this Act;
- (b) the Grand Bahama Power Company shall, until such time as it receives a public electricity supplier licence from URCA in accordance with this Act, continue to perform GTDS functions in the Port Area under the terms of the licence granted by the Grand Bahama Port Authority”.

Section 48(1) of the EA provides that URCA may make the grant of a licence subject to such terms, conditions and restrictions specified in the licence as URCA determines to be appropriate.

Section 41 of the EA provides that URCA shall allow persons with sufficient interest a reasonable opportunity to comment on proposed regulatory and other measures which, in the opinion of URCA, are of public significance. Persons having sufficient interest are persons whose rights or interests may be materially adversely affected or prejudiced by the proposed regulatory and other measures. URCA must also give due consideration to the comments of persons having sufficient interest prior to introducing the regulatory or other measures concerned.

Section 42 of the EA provides that a regulatory measure is likely to be of public significance where it relates to electricity supply systems or services ... and can lead to one or more of the following –

- (a) a major change in the activities carried on by URCA under this Act;

- (b) a significant impact on persons carrying on activities in areas regulated by URCA under this Act; and
- (c) a significant impact on the general public in The Bahamas.

URCA considers that the cumulative effect of the forgoing provisions, in relations to the issuance of a public electricity supplier licence, requires URCA to consult persons with sufficient interest in this regulatory measure of public significance.

#### **4. Licence Terms and Conditions**

This Section summarises the key terms and conditions contained in the draft public electricity supplier licence found in Annex A hereto.

Under the EA, URCA may make the grant of a licence subject to such terms, conditions and restrictions specified in the licence as URCA determines to be appropriate under the electricity sector policy objectives. Where conditions of licences relate to the same or similar electricity services such conditions must not unfairly discriminate between licensees.

A licence may include a restriction or condition, whether or not relating to activities authorised by the licence which appears to URCA to be required or necessary having regard to URCA's functions and duties under the EA. The following are the high level statutory conditions that will guide URCA in developing the public electricity supplier licence. As such the licence may include, but is not limited to, conditions requiring the licensee to:

- (i) do or not do such things as are specified in the licence or are of a description so specified;
- (ii) observe with modification or exemption as may be approved by URCA specified codes of practice and any market rules;
- (iii) enter into an agreement or arrangement on specified terms or on terms of a specified type relating to its operations of, for, connection to, or use of any electric line or plant owned or operated by the licensee or the other party to the agreement or arrangement;
- (iv) pay fees during the currency of the licence such amount as may be determined by URCA;
- (v) prepare for approval by URCA guidelines regarding the procedures the licensee must follow in the event of a public emergency or step-in obligations; and
- (vi) maintain specified financial accounting records and prepare financial accounts according to specified principles; where the licensee provides transmission and/or distribution service, to carry out any work related to the development of a transmission or distribution system or the supply of electricity to any premises.

URCA considers that the grant of a licence with the proposed conditions as contained in Annex A of this Consultation Document would be the appropriate course of action for it to take as such licence, at this transitional stage in the new licensing regime, is in keeping with policy objectives of the ES in relation to public electricity suppliers in connection with the generation, transmission, distribution and supply of electricity.

## **5. Next Steps**

After the period for submissions and comments closes, URCA will carefully consider all submissions and comments and shall issue its Statement of Results and Final Determination setting out the finalised text of the Licence it will grant to BPL and GBPC during this transitional period of the new ES licensing regime.

The Statement of Results and Final Determination along with the finalised text of the licence will be issued within fourteen (14) calendar days from the deadline for submission of representations.

URCA signals its intent to conduct an extensive industry engagement on the comprehensive category of licences suitable to address all the matters necessary for the operations of public electricity suppliers and other ES licensees as soon as reasonably practicable after the completion of this consultation process.

# **Annex A: Draft Public Electricity Supplier Licence**



**NAME OF LICENSEE:**

**ADDRESS OF LICENSEE:**

**PUBLIC ELECTRICITY SUPPLIER LICENCE**

**Commencement Date: July XX, 2016**

**Licence Number: PES – XX**

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**PART A – GRANT OF THE LICENCE**

- 1 The Utilities Regulation and Competition Authority (URCA) in exercise of its powers conferred by section 45 of the Electricity Act, 2015 **HEREBY GRANTS** to [Bahamas Power and Light/Grand Bahama Power Company] (the Licensee) a Licence authorising the Licensee to generate, transmit, distribute and supply electricity for public and private purposes in the Service Territory subject to the conditions set out in this Licence.
- 2 This Licence shall be cited as the [NAME OF LICENSEE] Public Electricity Supplier Licence.
- 3 This Licence shall come into effect on the [DATE, 2016] (the Commencement Date) and shall continue in full force and effect until termination or expiry unless amended, revoked or terminated pursuant to the terms and conditions set out herein.
- 4 The Conditions of this Licence are subject to amendment or modification in accordance with their terms or in accordance with the Electricity Act, 2015.
- 5 This Licence shall be governed by and construed, enforced and performed in accordance with the laws of the Commonwealth of The Bahamas.

Sealed and executed for and on behalf of the Utilities Regulation and Competition Authority on the xx day of [DATE, 2016]

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**Chief Executive Officer**

## **PART B – GENERAL CONDITIONS**

### **2 DEFINITIONS AND INTERPRETATION**

2.1 In this Licence, except in so far as the context otherwise requires:

**“Act”** means the Electricity Act, 2015;

**"Affiliate"** in relation to any entity means any holding company or subsidiary of that person or any subsidiary of a holding company of that person in each case within the meaning of the Companies Act;

**"Assets"** mean the material assets and facilities owned, operated or leased by the Licensee, including the real estate.

**“Catastrophic Failure”** means a sudden and unexpected failure of any part of the electricity supply system which renders the electricity supply system in whole or in part economically or technically unfit to operate;

**“Company”** means [NAME OF LICENSEE]

**"Companies Act"** means the Companies Act, Chapter 308 and any amendments thereto.

**"Distribution Line”** means any electric power line that delivers power to consumers.

**"Distribution Electricity Supply System”** means the network, including substations, distribution lines, transformers and other apparatus that receives electricity from the transmission electricity supply system and delivers it to customers.

**“Electrical Inspector”** or **“Inspector”** has the same meaning as defined in the Act.

**"Electricity Supply System"** means the transmission and distribution network owned or operated by the Licensee and used to transmit, distribute and supply electricity and includes any electrical lines, plant, meters and other equipment owned or operated by that Licensee in connection with the transmission distribution and supply of electricity.

**"Fair Market Value"** means the market value of the Licensee when evaluated as an ongoing business concern including this Licence and all lands, buildings, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking and shall be determined in a manner that complies with the term Fair Market Value as defined by the American Society of Appraisers, that is the price, expressed in cash equivalents, at which the Shares would change hands between

a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open unrestricted market when neither is under any compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. Fair market value shall be the average value as determined by a panel of three (3) independent valuation experts, one to be selected by the Minister, one by the Licensee and one, who shall be Chairman of the panel, to be selected by the two other members. In the event that the nominees cannot agree on the selection, the Chairman shall at the written request of the parties, be appointed by URCA.

**"Financial Year"** means the twelve month period at the end of which the Licensee's annual accounts are closed.

**"Force Majeure"** means an event or circumstance which prevents the Licensee from performing its obligations under this Licence, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the Licensee, and which the Licensee is unable to overcome or avoid or cause to be avoided through the exercise of due diligence. Events of Force Majeure may include, but are not limited to, acts of God; fire including fire resulting from an earthquake; flood including flood caused by an earthquake; volcanic eruption; earthquake; hurricane; cyclone; tornado; windstorm; overflow of the sea caused by the elements listed above; war; riots; acts of terrorism; strikes; walkouts; lockouts and other labour disputes; requirements, actions or failure to act on the part of governmental authorities; adoption or change in any law, regulation, statute, rule or regulation imposed by governmental bodies, including, without limitation, a change in the interpretation thereof; or any lawful order by any court or administrative agency (so long as the Licensee has not applied for or assisted in the application for such court or governmental action).

**"Generating Facility/Facilities"** means any power plant(s) and associated equipment owned or controlled by the Licensee and used for the production of electricity pursuant to a licence issued by URCA.

**"Generation Licence"** means a licence granted under the Act authorising a Licensee to carry out the generation of electricity for supply to the electricity supply system.

**"Generation Licensee"** means the holder of a generation licence granted by URCA under the Act.

**"Generation Set"** means any plant or apparatus used for the production of electricity.

**"Government"** means the Government of the Commonwealth of The Bahamas.

**"Governmental Authority"** means any (a) national, municipal, central or local government, department, central bank, court, council, commission, board, bureau, tribunal, agency or instrumentality of the Commonwealth of The Bahamas or (b) any subdivision, agent, commission, board or authority of any of the foregoing.

**"Governmental Requirement"** means all Acts, statutes, orders, ordinances, injunctions, constitutional provisions, treaties, licences, notices, rules, rulings, regulations, concessions, decisions, authorizations, consents, decrees, permits, proclamations, instructions, certifications, judgments, verdicts, confirmations, approvals, filings or similar items of, or granted by, any Governmental Authority which are applicable to the Licensee.

**"Independent Power Producer (IPP)"** means a licensed generator which owns facilities for the purpose of generating electricity for sale to the Licensee.

**"Licensed Business"** means the utility business of the Licensee comprising its Generation, Transmission, Distribution and Supply business.

**"Licence Processing Fees"** means fees prescribed by URCA for the processing of an application for the grant of a licence pursuant to the Act.

**"Licensee"** means [Name of Company]

**"Minister"** means the Minister with portfolio responsibility for the electricity sector.

**"Outside person"** means any *person* who is not an Affiliate of the Licensee.

**"Person"** means any individual, partnership, joint venture, association, trust company, or corporation.

**"Power Purchase Agreement (PPA)"** means a contract with an Independent Power Producer for the provision of either electrical energy only or electrical energy and capacity.

**"Regulatory Accounts"** means the reports on the financial and operating performance of the Licensee in such detail and format as designated by URCA.

**"Related Party"** shall have the meaning defined under the International Financial Reporting Standards (IFRS).

**“Service Territory”** means, for the purpose of this Licence, within, into, from and through [in relation to BPL - the Commonwealth of The Bahamas save and except for in the Port Area of Grand Bahama].

[For GBPC - within, into, from and through the Port Area of Grand Bahama]

**“Shares”** means the issued and outstanding shares of the Licensee.

**"Subsidiary"** shall have the meaning specified in the Companies Act.

**“Subsidiary Undertaking”** shall the meaning specified under the Act.

**"Transmission Line"** means any electric power line that is used for the bulk transfer of electrical energy from generating facilities for delivery to the distribution electricity supply electricity supply system.

**"Transmission Electricity supply electricity supply system"** means the electrical power lines and associated apparatus that are used for the bulk transfer of electrical energy from generating facilities for delivery to the distribution electricity supply electricity supply system.

**"URCA Fees"** mean the Fees prescribed by URCA pursuant to the Act.

2.2 For the purpose of interpreting the Conditions in this Licence:

2.2.1 except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in:

(a) the Licence, and otherwise;

(b) the Electricity Act, 2015, and otherwise;

(c) [the Electricity Rate Reduction Bond Act, 2015, and otherwise];

(d) the URCA Act, and otherwise

(e) the UAT Act;

2.2.2 for ease of reference, in this Licence terms defined in the Communications Act have been capitalised;

2.2.3 subject to Condition 2.2.1 above, where there is any conflict between the provisions of this Licence and the Electricity Act, 2015, the provisions of the Electricity Act, 2015 shall prevail;



- 2.2.4 references to Conditions, paragraphs, subparagraphs and appendices are to Conditions, paragraphs, subparagraphs of and to the appendices to the Licence, as modified from time to time in accordance with this Licence and the Electricity Act, 2015;
- 2.2.5 a Document will be incorporated into and form part of the Licence if it is referred to in this Licence and a reference to a Document is to a Document as modified from time to time;
- 2.2.6 headings and titles used in this Licence are for reference only and shall not affect its interpretation or construction;
- 2.2.7 references to any law or statutory instrument include any modification re-enactment or legislative provisions substituted for the same;
- 2.2.8 use of the word “include” or “including” is to be construed as being without limitation;
- 2.2.9 expressions cognate with those referred to in this Licence shall be construed accordingly;
- 2.2.10 words importing: (i) the singular only shall include the plural and vice versa; (ii) the whole shall be treated as including a reference to any part; and (iii) any gender shall include all other genders; and
- 2.2.11 reference to persons shall include firms or companies.

### **3 NATURE AND SCOPE OF THE LICENCE**

- 3.1 This Licence authorizes and gives the Licensee the right to generate, transmit, distribute and supply electricity for sale to the public in the Service Territory and to operate, construct, reconstruct, modify or replace the generation, transmission, distribution and supply facilities for these purposes subject to the Licence conditions, the Act and any other relevant law for the time being in force.
- 3.2 The Licensee has the right to supply for sale electricity to third parties for public and private purposes in the Service Territory for which the Licensee is entitled to bill consumers and customers for the electricity supplied at the rates and charges approved in accordance with the Electricity Act, 2015.
- 3.3 This Licence authorizes and gives the Licensee the right to purchase electricity (capacity and energy) in bulk from Independent Power Producers under Power Purchase Agreements for transmission, distribution, supply and sale in the Service Territory.

#### **4 Duration and Renewal of Licence**

- 4.1 Subject to the provisions herein contained, the duration of this Licence shall be for a period not exceeding one (1) year from the Commencement Date.
- 4.2 The Licensee may at any time apply for an extension of the duration of this Licence having regard to any approved investment programme and/or the requirements of any PPA entered into by the Licensee with an IPP for a period which extends beyond the remaining life of the Licence.
- 4.3 The Licence may be further renewed as specified by the procedures at section 45 of the Act.

#### **5 CHANGE IN CONTROL**

- 5.1 The Licensee shall obtain URCA's written approval of any change in control of the Named Licensee or any Notified Licensee prior to the change in control occurring.
- 5.2 Without limiting URCA's ability and duty to apply the merger control provisions in sections 57 to 62 of the Electricity Act, URCA may object to a change in control if in URCA's view the acquirer would not meet any of the criteria referred to in, or set by URCA pursuant to, section 45(2) of the Electricity Act.

#### **6 ASSIGNMENT OR TRANSFER OF LICENCE**

- 6.1 The Licensee shall not, without the prior written consent of URCA, transfer, sub-license, assign or grant any right, interest or entitlement in the Licence to any person or transfer or dispose of any of its assets that are necessary to provide the Licensed Business that the Licensee is obliged to provide under this Licence. Such consent shall not be unreasonably withheld.
- 6.2 URCA shall consent to an application for the assignment or transfer of the Licence where the URCA is satisfied that the proposed assignee or transferee satisfies the criteria set out under Section 45(2) of the Act and any other criteria established by URCA pursuant to the electricity sector policy and objectives under the Act.
- 6.3 Should the Licensee wish to assign or transfer the Licence, it shall request, in writing, the consent of URCA and URCA shall reply in writing within sixty (60) calendar days of the receipt of such request informing of its decision on the application.

- 6.4 URCA shall publish its decision regarding a request to assign or transfer the Licence and its decision on its website and in the public media.
- 6.5 Where URCA refuses to give its consent it shall give reasons in writing for such refusal to the Licensee.
- 6.6 The Licensee may apply to URCA for a reconsideration of its decision not to assign or transfer its Licence and may appeal any decision made by URCA to the UAT following any such reconsideration in accordance with Condition 14 herein.

## **7 AMENDMENT, MODIFICATION AND REVOCATION OF LICENCE**

- 7.1 URCA may revoke or modify this Licence in accordance with the procedures set out in section 49 of the Act.

## **8 COMMUNICATIONS AND NOTICES**

- 8.1 Notices, orders and other documents under this Licence may be in writing or in print or in electronic format (permitting confirmation of receipt) and shall, if served on:
- (a) URCA be addressed to:  
the Chief Executive Officer; and
  - (b) the Licensee, be addressed to:  
the Chief Executive Officer/Managing Director.
- 8.2 Any notice, order or document required or authorized to be served upon a body or person under this Licence may be served by the same being addressed to such body or person and being left at or transmitted by electronic mail or facsimile or by registered post to the address of such body or to the usual or last known place of abode of such person. If served by post it shall be deemed to have been served at the time when the containing letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that such letter was properly addressed, registered and put into the post. If served by electronic mail or facsimile it shall be deemed to have been served when the electronic mail or facsimile shall have been transmitted by the sender.
- 8.3 Notwithstanding the above, the Licensee shall designate a person that will act as a primary contact with URCA on matters related to this Licence and shall notify URCA promptly should the contact details change.

- 8.4 URCA may designate the Director of Utilities and Energy as the primary contact on matters related to this Licence.

## **PART C - GENERAL OBLIGATIONS**

### **9 Obligation to comply with laws, regulations and licence conditions**

- 9.1 The Licensee shall comply with the Act and any other Act of the Commonwealth of The Bahamas that has application to it in the discharge of its performance under this Licence.
- 9.2 The Licensee shall comply with regulatory and other measures including any directive, order, rule, decision or approval issued, made or granted by URCA in accordance with its duties and functions under the Act or this Licence.

### **10 Breach of obligation to comply with laws, regulations and licence conditions**

- 10.1 Where URCA has reason to believe that the Licensee has failed to comply with any relevant law, regulation or condition of this licence, URCA may exercise all such powers and duties as are afforded to or required of it under the Act or any other relevant law and may take all such action as is permitted to it thereunder against either the Licensee or its subsidiary undertaking.
- 10.2 The Licensee shall be liable for all the acts and omissions of each of its subsidiary undertakings in respect of its obligations under this Licence.
- 10.3 Without prejudice to the Licensee's other obligations under this Licence, where its subsidiary undertaking has done something which would if done by the Licensee:
- (a) be prohibited or not authorised by any relevant law, regulation and condition of this Licence; or
  - (b) require the Licensee to take or refrain from taking a particular action under any relevant law, regulation and condition of this Licence and that no Licensee, including the Licensee, has met that further requirement,

then, where URCA is not satisfied that the Licensee has taken all reasonable steps to prevent its subsidiary undertaking from acting in that manner, URCA may direct the Licensee to take such steps as URCA deems appropriate for the purpose of remedying

the matter, including restraining the defaulting subsidiary undertaking from carrying on with such activities connected with the Licensed Business as URCA may determine.

## **11 Obligations to perform**

11.1 The Licensee shall provide an adequate, safe and efficient service based on modern standards, to the Service Territory at reasonable rates so as to meet the electricity demand and to contribute to national economic development.

11.2 Subject to the provisions of this Licence and directions of URCA, the Licensee shall ensure that the development of the Electricity supply system is implemented based on agreed long term planning procedures and methodologies and that investments are made consistent with such plans and in conformity with prudent utility practice so as to ensure adequacy and continuity of supply at the least economic cost while at the same time ensuring that the Licensee earns a reasonable return on its investment.

11.3 The Licensee shall provide transmission/distribution access and service, and interconnection access and service, on a non - discriminatory basis to the facilities that it operates as soon as practically possible in response to service requests by generation Licensees.

11.4 The Licensee shall, to the extent that it is technically feasible and economically reasonable employ modern and leading edge technological solutions to secure optimal efficiencies in its operations.

The Licensee shall take all reasonable steps to prevent and resolve unplanned interruptions to the provision of its Licensed Business.

11.5 The Licensee shall take all reasonably practicable steps to maintain, to the greatest extent possible, the proper and effective functioning of its Generating Facility and Licensed Business provided by it at all times.

11.5 The Licensee shall inform URCA about measures taken to resolve unplanned interruptions as required by URCA.

## **12 Step-in Rights of the Minister**

12.1 The relationship and role of the Minister to the Licensee and the performance under

this Licence shall be provided for under the Act and as expressly provided for in this Licence.

12.2 For the purposes of this Condition, the following terms shall have the meaning ascribed to them:

- (a) "Forced Outage": means any partial or complete interruption of a portion of the Electricity supply system and/or any Generation Facility that is not the result of (i) a Scheduled Outage or (ii) an event or occurrence of Force Majeure;
- (b) "Initial Period" shall have the meaning specified in paragraph 2 of this Condition 12;
- (c) "Real Estate" means all of the real property (including any interests in real property, material easements and related rights) owned or leased by the Licensee;
- (d) "Scheduled Outage" means a partial or complete interruption of Electricity supply system and/or any Generation Facility operation that (i) has been planned in advance; and (ii) is for inspection, testing, preventative maintenance, corrective maintenance or improvement;
- (f) "Step-in Event" shall have the meaning specified in paragraph 2 of this Condition 12; and
- (g) "Take-over Period" means the period of time commencing on the date that the Minister or his designee enters any and/or all site(s) and begins to operate the Electricity supply system and/or any Generation Facility and ending on the date the Licensee re-enters any and/or all site(s) and recommences operation of the Electricity supply system and/or any Generation Facility.

12.3 Where the Licensee shall have ceased to operate all, or any substantial part of the Electricity supply system and/or any Generation Facility for a period of forty-eight (48) consecutive hours (the Initial Period) without the prior written consent of URCA (a Step-in Event), then the Minister or his designee shall be entitled to enter any and/or all of the site(s) and operate the Electricity supply system and/or any Generation Facility, provided however, that

- (a) the Minister shall give prompt notice to the Licensee determining that the Initial Period has concluded, the said notice to be provided by means reasonably calculated to ensure prompt actual notice to the Licensee; and

(b) (i) a Step-in Event shall not have occurred and the Minister or his designee shall not be entitled to enter any and/or all of the site(s) and operate the Electricity supply system and/or any Generation Facility if the cessation of operation resulted from -

- (a) an event of Force Majeure;
- (b) a Forced Outage or a Scheduled Outage; or
- (c) an action or failure to act by the Minister or his designee in contravention of any right or entitlement of the Licensee under this Licence; or

(ii) to the extent that the Licensee is proceeding with diligence and good faith to overcome or remedy such event and such event is overcome or remedied within forty-eight (48) hours immediately after the Initial Period.

12.4 Where the *Minister* or his designee enters any and/or all site(s) and operates the Electricity supply system and/or any Generation Facility upon the occurrence of a Step-in Event, the Minister or his designee shall operate the Electricity supply system and/or any Generation Facility in accordance with prudent utility practice, but in any event, at not less than the same standards that were used to operate the Electricity supply system and/or any Generation Facility prior to the date of occurrence of the Step-in Event.

12.5 Upon the occurrence of a Step-in Event, the Minister or his designee shall be entitled to enter any and/or all of the site(s) and operate the Electricity supply system and/or any Generation Facility until the Licensee demonstrates to the reasonable satisfaction of the Minister that it can resume proper operation of the Electricity supply system in accordance with the terms and conditions of the Licence and that the Step-in Event will be overcome or remedied. The Licensee must demonstrate to the Minister that it can and will secure or otherwise acquire and utilise:

- (a) the requisite qualified personnel;
- (b) sufficient financial resources; and
- (c) any other resources identified to be needed in each case to resume proper operation of the Electricity supply system and/or any Generation Facility in accordance with the terms and conditions of this Licence and to overcome or remedy the Step-in Event.

12.6 The Minister may designate any other qualified person as his designee for purposes of exercising any of the powers conferred by this Condition 12.

### **13 Role and Duties of URCA**

- 13.1 The Licensee shall be subject to the regulatory supervision of URCA. URCA shall perform its functions and carry out its duties pursuant to the URCA Act, the Act and any other relevant laws, this Licence and have regard to relevant Government policy.
- 13.2 In carrying out its functions URCA shall act proportionately and non-discriminately balancing the interests of consumers with those of the Licensee.

### **14 Appeals to UAT**

- 14.1 Appeals of regulatory or other measures taken by URCA in relation to this Licence shall be made to the Utilities Appeal Tribunal as provided for in the Act and the URCA Act.

### **15 Payment of Fees and Contributions**

- 15.1 The Licensee shall pay to URCA the following fees and contributions as notified by URCA from time to time in accordance with the Act:
- (a) annual URCA Fee pursuant to section 54(2)(d) of the Act;
  - (b) the Tribunal Fee payable pursuant to Schedule 3 of the Utilities Appeal Tribunal Act, 2009; and
  - (c) any other applicable fees and charges.
- 15.2 For each Financial Year of the Licence, any annual fees payable by the Licensee under section 54(2)(d) of the Act shall be based upon the following accounts in relation to the Licensed Business or, where appropriate, business plan for the Licensee and each of the subsidiary undertaking (or, where these are consolidated, the Licensee's consolidated accounts showing the turnover and revenue for the Licensee and each of the subsidiary undertakings):
- (a) the last available audited accounts; or
  - (b) where the audited accounts are not available or those accounts do not include any Relevant Turnover as defined in the Act, accounts certified by an accountant



in possession of a practising certificate issued by The Bahamas Institute of Chartered Accountants; or

- (c) where the Licensee does not have any available accounts certified by an accountant in possession of a practising certificate issued by The Bahamas Institute of Chartered Accountants, the expected Relevant Turnover in the Licensee's business plan.

15.3 The annual fees calculated in accordance with Condition 15.2 herein shall be paid in advance on the first day of the Financial Year, with any adjustment due as a result of the audited accounts for that Financial Year becoming available being paid to URCA (or deducted from any other payment due to URCA) on the first day of the next Financial Year.

15.4 Without prejudice to Condition 10 herein, in the event of a default by the Licensee in the payment of any fees when due under this Licence:

- (a) the Licensee shall pay to URCA interest under section 54(5) of the Act; and

- (b) URCA may revoke this Licence in accordance with Condition 7 herein.

## 16 **Reporting Obligations**

16.1 The Licensee shall submit its audited financial statements, with certificate of the external auditors, for the Licensed Business and the accompanying annual report (which shall provide together with the current year at least ten years of operating and financial statistics) to URCA as required by URCA having regard to the Licensee's requirements for its annual report and audited financial statements.

16.2 URCA may require the Licensee to maintain an electricity supply system of separate regulatory accounts for regulatory reporting and tariff analysis.

16.3 The Licensee shall furnish to URCA without undue delay such information, documents and details related to the Licensed Business, as URCA may reasonably require in order for it to fulfil its functions and discharge its obligations under the Act.

16.4 The Licensee shall provide a Major Outage Report to URCA within 24 hours of a major outage detailing, to the extent possible, the: (i) cause of outage; (ii) geographic area affected by the outage; (iii) number of customers affected by the outage; (iv) steps taken to restore service to the affected area; and (v) time taken for restoration of

service. A Major Outage is defined as one that affects a significant geographic area and lasts longer than two (2) hours or any island-wide blackout.

- 16.5 The Licensee shall provide such other specified and relevant reports to URCA as may be reasonably required from time to time.
- 16.6 The Licensee shall annually prepare and submit to URCA a five year forecast of projected demand and generation requirements.
- 16.7 The Licensee shall, annually, provide URCA with its capital investment plan and updated five year capital investment plan.
- 16.8 The Licensee shall, in accordance with good industry practice, maintain and keep all appropriate books, records and accounts in respect of the activities to which this Licence relates including but is not limited to System Average Interruption Duration (SAIDI), the System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI) and such other internationally accepted utility industry performance indicators as URCA may direct.

## 17 **Economic Purchasing of Goods and Services**

- 17.1 The Licensee shall exercise prudence in the purchase or acquisition of goods and services having regard to the quantity, timing and nature of the goods or services required to enable it to discharge its obligations under this Licence.
- 17.2 The Licensee shall, if requested by URCA, submit its procedures for procurement to URCA for consideration.
- 17.3 Nothing in the foregoing shall preclude the Licensee from outsourcing for goods and services through or from a Related Party so long as the Licensee can demonstrate at all times that such procurement is on terms which would obtain if such goods and services were procured competitively.
- 17.4 The Licensee in discharging its responsibility to procure or manage the procurement of goods and services shall follow best commercial practices designed to ensure fairness, transparency and value for money.

## 18 **Related Party Transactions**

18.1 In the case of a Related Party, transactions shall be at arm's length and the Licensee shall apply the same tests for economic choice and financial probity as if the related party were an unrelated third party.

## 19 Consumer Protection Obligations

19.1 Subject only to its rights conferred under this Licence, the Licensee shall:

- (a) comply with any regulatory and other measures including direction or order made by URCA which URCA determines is intended to prevent the abuse of its monopoly position in the provision of the Licensed Business to customers;
- (b) not take or omit to take any action or otherwise conduct itself in a manner which is intended to have, has or is likely to have the effect of restricting, distorting or preventing competition in the procurement of generation capacity where this has been determined as the appropriate recourse for adding capacity; and
- (c) comply with any direction issued by URCA for the purpose of preventing any practice or arrangement that has the object or effect of preventing, restricting or distorting such competition or behaviour which URCA determines to be an abuse of its monopoly position.

## 20 Information, Audit, Inspection and Access Obligations

20.1 URCA may require:

- (a) an inspection and/or audit of any aspect of the business of the Licensee and the Licensee shall assist or shall procure assistance to URCA as it may reasonably require;
- (b) the Licensee or any of its subsidiary undertakings to provide URCA with such information, documents, accounts, returns, estimates, reports or other information required by URCA in the manner and at the times specified by URCA. URCA may use this information for, but not limited to, purposes of compiling statistics and publishing periodical reviews of the Electricity Sector, and as required or permitted by the Act or other laws or legal process;
- (c) the Licensee to notify URCA of the details of all subsidiary undertakings providing a Licensed Business under this Licence; and

(d) the Licensee to permit a person authorised by URCA to carry out such inspection and/or audit;

20.2 The Licensee shall at the request of URCA furnish URCA, at the Licensee's expense, with copies (in such format as URCA may specify) of any book, record or accounts as URCA may reasonably require.

## **21 General Performance Standards Obligations**

21.1 The Licensee shall make its best endeavours to comply with or exceed performance standards that have been agreed with URCA. Performance standards may be designed such that there is a balanced framework for penalties or rewards compared to historical or benchmarked performance and in these circumstances shall include “zones of acceptability” where no penalties or rewards would apply.

21.2 Where performance falls below agreed levels, the first step shall be discussion with URCA to assess the reasons, make and agree on corrections for poor performance as appropriate within such time as may be agreed between the Licensee and URCA and failing such agreement within such time as shall be directed by URCA.

21.3 The Licensee shall be given reasonable time to rectify poor performance levels and where performance continues to fall below the standard after those agreements, URCA may impose penalties for poor performance where the Licensee has not implemented the agreed on action plan.

21.4 The Licensee will report on its performance against all standards as reasonably required by URCA from time to time.

21.5 Having regard to any written representations received by URCA or upon its own motion, after giving the Licensee an opportunity to present its own perspective on the same, for reasons recorded in writing URCA may require the Licensee to revise Generation Performance Standards or Transmission and Distribution Electricity supply electricity supply system Planning and Reliability Standards and Transmission and Distribution Electricity supply electricity supply system Operating Standards and the Licensee shall comply with the directions of URCA.

21.6 Standards may be reviewed at any time, whether initiated by the Licensee or URCA.

## **22 Use of Appropriate Staff Obligation**

- 22.1 The Licensee shall, in connection with the conduct of its business of generating, transmitting, distributing and supplying electricity under the Licence, ensure that its employees are appropriately trained and qualified.

## **23 Outsourcing**

- 23.1 The Licensee may utilize the services of third parties on an ongoing basis in the provision of Generation and/or Transmission and Distribution (including supply) services. Procurement of such outsourced services shall be subject to URCA approval if they represent core and ongoing Generation and/or Transmission and Distribution (including supply) functions.
- 23.2 An approval granted by URCA shall be based on the cost effectiveness of the outsourced services, benefits to the economy of The Bahamas overall, to consumers in general and the fitness and propriety of the relevant third parties and shall not be unreasonably withheld.

## **Part D – SPECIAL PROVISIONS APPLICABLE TO TRANSMISSION AND DISTRIBUTION**

### **24 Duties of the Licensee**

- 24.1 The Licensee shall develop and maintain an efficient, coordinated and economical electricity supply system of electricity transmission and distribution in the Service Territory.
- 24.2 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 requests by IPPs and, where appropriate, other transmission licensees.
- 24.3 Any dispute as to the terms and conditions on which such transactions take place may be determined by URCA.
- 24.4 The Licensee shall have no obligation to connect IPPs until after the parties have agreed that the installation and commissioning have been completed to the satisfaction of both parties. Where there is disagreement either party may apply to URCA to determine the issue.

## **25 Transmission and Distribution Standards**

- 25.1 The Licensee shall design, build, operate and maintain the electricity supply system for the transmission and distribution of electricity in accordance with the latest revisions of the Standards issued by the Canadian Standards Association (CSA) and other recognised international standards institutions such as the National Fire Protection Association (NFPA), International Electro-technical Commission (IEC); the Institute of Electrical and Electronic Engineers (IEEE); the American National Standards Institute (ANSI); and the Institution of Engineering and Technology (IET).
- 25.2 The Licensee shall propose standards to URCA for its consideration.
- 25.3 When requested by URCA, the Licensee shall file with URCA a schedule of the applicable standards that relate to its transmission and distribution operations along with the references in soft copy.
- 25.4 URCA shall review, approve, modify or amend such standards as necessary.

## **26 Technical Service Levels (Transmission and Distribution)**

- 26.1 The Licensee shall design, build, operate and maintain the electricity supply system for the transmission and distribution of electricity so as to achieve service levels in line with applicable industry best practice for similar electricity supply systems and such other benchmarks as URCA, after consultation with the Licensee, may direct from time to time.
- 26.2 Without limiting the requirements of Condition 26.1, when requested by URCA the Licensee shall submit to URCA a plan setting out its strategy for achieving the target service levels that will have been established in accordance with Condition 26.1.
- 26.3 URCA may direct the Licensee to update and resubmit the plans from time to time.
- 26.4 URCA may direct the Licensee as to matters to be included in the plans and may amend or replace such direction from time to time.
- 26.5 The service level targets and the plans submitted by the Licensee or any revisions thereof, once approved by URCA, shall form part of this Licence as a Condition.
- 26.6 The Licensee shall provide URCA with a written report on its achievements under the plans as requested by URCA.

26.7 The Licensee shall comply with any directions issued by URCA from time to time, regarding any other quality of service indicators and measurement methods for the transmission distribution and supply business and shall, as and when required by URCA, supply to URCA the results of its measurements of actual performance against any quality of service indicators and measurements so specified.

26.8 URCA may publish or require publication of such information as it considers appropriate.

## **27 Development of and Compliance with Technical and Operational Codes**

27.1 The Licensee shall, in consultation with any other Licensee liable to be materially affected thereby and such other persons as URCA shall consider appropriate, develop and implement, at the request of URCA, such technical and operational codes as URCA may, from time to time, direct.

27.2 The Licensee shall, in consultation with any other Licensee liable to be materially affected thereby and such other persons as URCA shall consider appropriate, periodically review (including at the request of URCA) such technical and operational codes as are developed and implemented by the Licensee pursuant to Condition 27.1.

27.3 Following the development of any technical and operational codes pursuant to this Condition 27 and the review of any such codes, the Licensee shall send to URCA:

- (a) a report on the outcome of any consultation and of the review as the case may be; and
- (b) any proposed revisions to any such code from time to time as the Licensee (having regard to the outcome of any consultation or review) reasonably thinks necessary; and
- (c) any written representations or objections from any Licensee arising during the consultation process and not withdrawn.

27.4 Having considered the information provided pursuant to Condition 27.3 and such other relevant information, URCA may direct the Licensee to change any technical and operational codes developed pursuant to Condition 27.1 and the Licensee shall comply with such directions.

27.5 The Licensee shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Licensee pursuant to this Condition 27 to URCA and at the same time the Licensee shall make this information available generally by way of publication on the Licensee's website.

- 27.6 The Licensee shall comply with the provisions of any approved technical and operational codes insofar as applicable to it.
- 27.7 URCA may, following consultation in relevant circumstances with any Licensee liable to be materially affected thereby and such other Licensees and other parties as URCA shall consider appropriate, issue directions relieving the Licensee of its obligation under Condition 27.6 in respect of such part or parts of any approved technical and operational codes to such extent as may be specified in those directions.

## **Part E – SPECIAL PROVISIONS FOR SUPPLY**

### **28 Duties of the Licensee**

- 28.1 The Licensee shall design, build, operate and maintain an efficient coordinated and economical electricity supply system of electricity supply to consumers and its customers, in the Service Territory.
- 28.2 The Licensee shall at all times during the term of this Licence or any extension thereof furnish and maintain a supply of electricity for public and private use in accordance with reasonable standards of safety and dependability as understood in the electricity supply business.
- 28.3 The Licensee has a duty to connect any person desiring to obtain electric service that enters or is qualified to enter into an agreement with the Licensee in accordance with the provisions of the Act.

### **29 Duty to secure long term electricity supply electricity supply system security and reliability**

- 29.1 Subject to the provisions of this Licence and directions of URCA, the Licensee shall ensure that the development of the electricity supply system is implemented based on agreed Long Term Planning procedures and methodologies and that investments are made consistent with such plans and in conformity with prudent utility practice so as to ensure adequacy and continuity of supply at the least economic cost at the same time ensuring that the Licensee earns a reasonable return on its investment.
- 29.2 The Licensee shall plan and operate its transmission and distribution electricity supply system to ensure that subject to the availability of adequate power of appropriate quality, the electricity supply system is capable of providing consumers with a safe, reliable and efficient supply of electricity.



29.3 In developing the electricity supply system plans, URCA and the Licensee shall have regard to the Government's energy and electricity policies as the case may be.

29.4 The Licensee shall not, without the prior written consent of URCA, permanently close, retire or cease operating any Generation Set.

### 30 **Technical Service Levels (Supply)**

30.1 The Licensee shall submit to URCA a plan setting out its strategy for achieving the service levels in line with international best practice and such other benchmarks as URCA after consultation with the Licensee, may direct from time to time.

30.2 URCA may direct the Licensee to update and resubmit the plans from time to time.

30.4 URCA may direct the Licensee as to matters to be included in the plans and may amend or replace such direction from time to time.

30.5 The service level targets and the plans submitted by the Licensee or any revisions thereof, once approved by URCA, shall form part of this Licence as a Condition and the Licensee shall be deemed to be in breach of its Licence if the target levels are not achieved.

30.6 Upon request the Licensee shall provide URCA with a written report on its achievements under the plans, as set out in Condition 30.2.

30.7 The Licensee shall comply with any directions issued by URCA from time to time, regarding any other quality of service indicators and measurement methods for the supply business and shall, as and when required, supply to URCA the results of its measurements of actual performance against any quality of service indicators and measurements so specified.

30.8 URCA may publish or require publication of such information as it considers appropriate.

### 31 **Standards**

31.1 Upon request, the Licence shall file with URCA a schedule of the applicable standards that relate to its supply operations along with the references.

### 32 **Security and Safety of Supply**

- 32.1 The Licensee shall make arrangements to keep each of its customers informed of the postal and email address, website address and telephone number of an enquiry service established and operated for the purposes of receiving reports from any person about any matter or incident that:
- (a) causes danger or requires urgent attention, or is likely to cause danger or require urgent attention, in relation to the supply of electricity; or
  - (b) affects or is likely to affect the security, availability or quality of service of the Licensee's electricity supply system through which the relevant customer is supplied with electricity.
- 32.2 The enquiry service referred to at Condition 32.1 must be:
- (a) available to receive and process telephone reports and enquiries at all times on every day of each year; and
  - (b) operational on the Commencement Date of this Licence.
- 32.3 The Licensee may discharge the duty imposed by Condition 32.1 by providing the requisite information to each of its customers on the occasion of the customer first commencing to take a supply from the Licensee and thereafter:
- (a) either:
    - (i) where bills or statements in respect of charges for the supply of electricity are rendered to the customer, on a quarterly basis (it being sufficient that the information is included on or with any bill or statement); or
    - (ii) in any other case, on an annual basis; or
  - (b) by publishing such information on its web site and in such other manner as will, in the opinion of the Licensee, secure adequate publicity for it.

### **33 Preparation, Review of and Compliance with Codes of Practice**

- 33.1 Upon request by URCA the Licensee shall prepare codes of practice setting out the principles and procedures the Licensee will follow in respect of the requirements of the Act and the various matters that affect customers. These include but are not limited to:
- (a) efficient use of energy;

- (b) payment of bills;
- (c) handling customer complaints;
- (d) access to customers' premises;
- (e) connections and disconnections;
- (f) meter reading;
- (g) information on "how to make a complaint or seek assistance";
- (h) contact information for the company;
- (i) special arrangements for vulnerable customers;
- (j) how to make appointments for visits to customers' locations;
- (k) how to read the meter;
- (l) how to make claims for damage; and
- (m) customer service guarantees.

33.2 Notwithstanding Condition 33.1, the Licensee may issue codes of practice on its own volition.

33.3 The Licensee may review a code and the manner in which it has been operated with a view to determining whether any modification should be made to that code or to the manner of its operation, and shall do so on its own volition or whenever directed to by URCA.

33.4 Pursuant to the review undertaken under Condition 33.3 URCA may, after consultation with the Licensee, approve any amendments or modifications (including deletions) to a code. In addition URCA may issue directions to the Licensee to provide information to URCA or to notify URCA of matters affecting the Licensee's customers where such matters are relevant to the issues addressed by the codes.

33.5 The Licensee shall:

- (a) as soon as practicable following the preparation of a code or any revision made to it, send to URCA a copy of the code or such revision in the form approved by URCA;
- (b) draw to the attention of its customers the existence of the codes and each substantive revision of each of them and how they may inspect or obtain a copy of the codes in their latest form;
- (c) make a copy of the codes available for inspection by members of the public at each of the Licensees relevant premises during normal opening hours;
- (d) give or send, at a reasonable charge, a copy of the codes (as from time to time revised) to any person who requests it.

- 33.6 Subject to Condition 30.8, the Licensee shall ensure that it complies with the terms of and the arrangements or procedures (as the case may be) as are contained in or described by each code to which this Condition applies or any revision to such codes approved by URCA
- 33.7 The Licensee shall provide URCA with all assistance reasonably necessary to enable URCA to monitor the implementation and operation of any code and this assistance shall include permitting URCA access to relevant documentation held by the Licensee.
- 33.8 URCA may (following consultation with the Licensee and such other parties as URCA deems necessary) issue directions relieving the Licensee of any of its obligations under this Condition 33 to such an extent as may be specified in those directions and subject to such terms and conditions as URCA thinks fit.
- 33.9 In this Condition "**relevant premises**" means any premises of or occupied by the Licensee or any associated company or related undertaking of the Licensee open to customers in the normal course of the Licensee's business.

#### 34 **Joint Use of Poles**

- 34.1 The Licensee may enter into any arrangement or contract for the joint use of poles with other Licensees under the Act or any other relevant law so long as such use shall not contravene any other law or violate any safety code or, in the sole opinion of the Licensee, provide an unsafe working condition for the Licensee's employees. Such arrangements or contracts must be filed with URCA upon request.
- 34.2 The Licensee shall publish a code of practice for use by other Licensees setting out the procedures that are in place for management of these joint-pole arrangements and the standards for use of its poles by these companies.
- 34.3 A copy of the code of practice, along with the scale of charges that may be in effect for the time being must be deposited with URCA as requested by URCA.
- 34.4 The prices which the other Licensees are charged by the Licensee for attachments to its poles shall be fair and reasonable.

### **Part F – SPECIAL PROVISIONS FOR GENERATION**

#### 35 **Duties as electricity supply system operator**

- 35.1 The Licensee shall dispatch sufficient generating capacity to meet electricity supply system requirements in a prudent manner taking into consideration various operating considerations, including but not limited to least-cost, planned and forced generator maintenance schedules and operating reserves (both on-peak and off-peak) and subject to the terms and conditions of any PPAs.
- 35.2 The Licensee shall as far as is practicable and safe dispatch available generation in such a manner that the energy produced and dispatched is at the least cost to consumers.
- 35.3 The Licensee may purchase some or all of its energy and/or capacity requirements from Independent Power Producers (IPPS) pursuant to relevant PPAs.
- 35.4 The Licensee may purchase the electricity output from renewable or alternate energy sources on an energy only or capacity and energy basis as appropriate in accordance with the procedures agreed with or established by URCA and subject to relevant PPAs.
- 35.5 The Licensee shall ensure that adequate reserve generating capacity, both spinning and cold standby, is available at all times to meet the guidelines promulgated by URCA.
- 35.6 The Licensee may provide such reserve capacity itself or may contract some or all of it to any base-load Independent Power Producer with whom a PPA has been signed.
- 35.7 In the event of a catastrophic failure the Licensee shall take such actions as may be prudent, in consultation with URCA, to secure adequate replacement capacity.
- 35.8 Except as authorized by URCA in connection with purchases of renewable energy from customer-owned generation for self-supply, the Licensee shall not purchase electricity from any person other than an IPP and may not purchase electricity from an IPP except in accordance with the relevant PPA.
- 35.9 Subject to satisfactory inspection of the interconnection by the Inspector and by the Licensee, consumers who generate renewable energy for self-supply may sell energy to the Licensee, and the Licensee may purchase such renewable energy at rates to be proposed by the Licensee and approved by URCA.
- 35.10 The Licensee shall file with URCA, from time to time, its proposals that describe the basis on which, and the rates at which such consumers may sell energy to and purchase energy from the Licensee, which proposals will be subject to URCA's review and approval.
- 35.11 The Licensee shall establish and maintain a register of these consumers, which shall be filed with URCA and which must be updated as URCA may direct from time to time.

## **36 Merit order dispatch**

36.1 The Licensee shall dispatch sufficient generating capacity to meet the electricity supply system requirements in a prudent manner having regard to various operating conditions including but not limited to least cost, planned generator maintenance schedules and operating reserves. In this regard, the Licensee shall:

- (a) establish and operate a merit order electricity supply system, for generation sets that are subject to central dispatch; and
- (b) schedule and issue direct instructions for the dispatch in accordance with the merit order electricity supply system, as established, of all available generation sets which are required or are agreed to be subject to such scheduling and instructions.

36.2 The Licensee shall provide reports to URCA on its dispatch of generators, including a load duration curve for the peak day in the month, status of plant in service, capacity factor, fuel usage and efficiencies and any other information which URCA shall reasonably request.

## **37 Generation Code**

37.1 The Licensee shall have in force at all times and comply with a generation code, consistent with internationally accepted technical standards and which is in accordance with prudent utility practice:

- (a) covering all material technical aspects relating to the operation of its Generation Facilities insofar as they affect the electricity supply system, the operation of electric lines and electric plant connected to that electricity supply system;
- (b) setting out the rules and procedures which govern the dispatch of generators;
- (c) setting out the rules and procedures which provide for safe and secure operation of its generating facilities; and
- (d) which is designed to ensure:
  - (i) the development, maintenance and operation of an efficient, co-ordinated and economical electricity supply system for the generation of electricity; and

(ii) the promotion of the security and efficiency of the generation facilities as a whole.

37.2 Any generation code in force at the Commencement Date shall be filed with URCA on the request of URCA. Thereafter, the Licensee shall periodically on its own volition or on the request of the URCA, review the generation code.

37.3 The Licensee shall keep URCA informed of the submissions to any review process and of any consequent proposals for revisions, which shall be subject to the review and comment by URCA.

37.4 URCA may, following consultation with the Licensee, issue directions suspending the Licensee's obligations to implement or comply with the generation code to such extent as may be specified in the directions.

37.5 In the event that such a suspension is granted, the Licensee shall take all necessary action to ensure compliance with obligations for which the suspension has been issued as soon thereafter as is practicable and shall immediately notify URCA when it is again in full compliance.

#### **38 Addition and or replacement of generation capacity**

38.1 The Licensee shall procure adequate generation supply, in terms of required energy, capacity and ancillary services to fully meet the needs of its consumers.

#### **39 Renewable energy development and operations**

39.1 The Licensee shall develop renewable and alternate energy resources for electric power generation, both at the wholesale and customer owned on-site levels in accordance with this Licence, the Act and Government energy and electricity policies.

39.2 The Licensee shall develop and implement a Standard Offer Contract (SOC), which shall be subject to approval by URCA and which shall reflect the objectives of Government's policy, to facilitate and encourage the development of renewable energy supply at the customer level.

#### **40 Long term planning procedures and standards**

- 40.1 The Licensee shall submit to URCA for approval any Long Term Planning procedures. Such procedures shall set out the methodology which will be used by the Licensee to prepare its expansion plans and shall conform to internationally accepted best industry practice.
- 40.2 The Licensee shall submit any expansion plans to URCA for approval and URCA, when satisfied that a plan represents the least economic costs for electricity supply system expansion consistent with internationally accepted best industry practice, shall consult with the Government on the plan and following which URCA shall:
- (a) approve the plan; or
  - (b) refer the plan to the Licensee for further consideration.
- 40.3 Revisions to the Long Term Planning procedures may be done by the Licensee at URCA's request or on the Licensee's initiative, which shall be subject to URCA's approval, taking into account developments in internationally accepted best industry practice.

## **PART G – PRICE CONTROLS MECAHNISM AND TARIFFS**

### **41 Tariff Principles**

- 41.1 Subject to Condition 43 as contained herein, URCA shall determine the Licensee's rates for electric power pursuant to its powers under the Act as amended from time to time and on the principles set out therein.

### **42 Tariff Reviews**

- 42.1 URCA shall conduct the Tariff Review in accordance with the procedure set out under the Act.

## **PART H – TRANSITIONAL CONDITION**

- 43 On the Commencement Date, in order to enable a smooth transition to the full force and effect of this Licence, all rates, tariffs, codes and standards applicable to the Licensee existing and in force prior and up to the grant of this Licence which would normally have effect under the Act shall remain in effect and force until such time as they are logically and practically superseded by the actions taken by URCA under this Licence, the Act or any other relevant law.