



**DEFINITION AND INTERPRETATION OF A MAJOR OUTAGE IN  
PUBLIC ELECTRICITY SUPPLIER AND AUTHORIZED PUBLIC  
ELECTRICITY SUPPLIER LICENSES.**

**CONSULTATION DOCUMENT**

ES 03/2022

Issue Date: 31 October 2022

Response Date: 30 November 2022

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### **Annex 1: List of Questions posed in the Consultation Document**

## 1. Introduction

The Utilities Regulation and Competition Authority (“URCA”) is the independent regulator of the electricity sector (“ES”) in The Bahamas. Under Part II of the Electricity Act (“EA”), URCA has regulatory responsibility for the generation, transmission, distribution and supply (“GTDS”) of electricity within, into, from or through The Bahamas. The electricity sector policy and objectives, as set out in the EA, mandate that the production of electricity be subject to a regime that ensures the supply of safe, least cost, reliable and environmentally sustainable electricity throughout The Bahamas.

URCA recognizes that technological limitations mean that disruptions in the supply of electricity can occur from time to time. However, it is the responsibility of the licensed supplier of electricity to consumers in The Bahamas to minimize both the frequency and duration of those outages and to seek to continuously improve the reliability of the electric grid. URCA also recognizes that the impact of outages events (service disruptions) can vary in magnitude in terms of the number of customers affected and that not all outages would constitute a major event in the GTDS of electricity. Outages do not necessarily lead to service interruptions, as will be explained later in the document.

Persons providing GTDS services in the ES require a license to do so. Many of these licenses require the licensee to report a “major outage”. The primary objective of this consultation therefore is to propose a clarification to the definition of what is a “major outage”, as defined under the PESL and APESL.

### 1.1 Objectives of this Consultation

Electricity is essential for daily life. Basic functions, including communication, transportation, food, housing, water, and healthcare, are dependent upon it. As reliance on electricity continues to grow, a significant disruption to the electric grid may put lives, the economy, and the environment in danger.<sup>1</sup>

This consultation process advances the following core ES policy and regulatory objectives:

- To support the electricity sector policy of providing, inter alia, “a safe reliable supply of electricity” and the advancement of the EA mandate to, inter alia, promote good utility practice and to ensure that Public Electricity Suppliers (PES) and Authorized Public Electricity Suppliers (APES) operate in accordance with consumer protection standards;
- To comply with the requirement of the EA for URCA to issue regulations on the standard of service and quality of electricity supply systems and equipment;
- To clarify the definition of the term ‘major outage’ as contained in PES and APES licenses and ensure compliance by APES and PES with license condition 23.4 and 24.5, respectively, for reporting Major Outages; and
- To ensure that relevant information is communicated in a timely manner to improve the timeliness and quality of decision making.

### 1.2 How to Respond

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<sup>1</sup> [https://www.fema.gov/sites/default/files/2020-07/fema\\_incident-annex\\_power-outage.pdf](https://www.fema.gov/sites/default/files/2020-07/fema_incident-annex_power-outage.pdf)

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

Written submissions and comments must be received by URCA by the deadline

**The deadline for receiving written submissions and comments is 5:00 p.m. on 30 November 2022.**

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.

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.urbahamas.bs](http://www.urbahamas.bs).

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 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 structure of the remainder of this document is as follows:

**Section 2: Background** provides the background to this consultation document.

**Section 3: Regulatory Framework** sets out the regulatory framework under which URCA has exercised its powers to issue this Consultation Document.

**Section 4: Overview of the definition of a major outage** provides an overview of the definition of a major outage.

**Section 5: Next Steps** sets out the next steps to be taken by URCA in establishing the definition of a major outage governing the supply of electricity to consumers by a PES or APES.

**Annex 1: List of Question Posed in the Consultation Document**

## **2. Background**

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

The electric power industry may be considered the backbone of The Bahamas' economy, generating the electrical energy consumed by residents, visitors and businesses alike. All industries rely upon the reliable supply of

electricity to maintain the factors of production that increase this country's overall economic well-being. Further, there are certain essential services that depend on a reliable supply of electricity to provide the services over which they have carriage, such as banking services and health care.

Grid reliability and resilience are fundamental tenets in the continuance of national safety and security and a prolonged failure of the electric grid will have cascading impacts on all stakeholders.

Public Electricity Suppliers (PES) and Authorized Public Electricity Suppliers (APES) have a duty to customers who rely on continuous supply of electrical energy to power devices in their homes and businesses. Major outages can place demands on those customers to make alternative arrangements when the electricity supplied by the grid becomes unavailable for prolonged periods of time or is widespread within the area of service. The occurrence of a major outage resulting in the interruption of supplies to consumers must be reported in an effort to ensure that appropriate short mitigative and longer-term preventative action is being taken.

URCA notes that the term major outage is defined in the definitions page of the licenses for a PES and an APES, but that term lacks the specificity necessary to provide guidance to licensees to respond to queries from URCA and within which URCA can provide the necessary regulatory oversight. URCA therefore seeks to clearly define the term 'major outage' to the electric grid. The lack of clarity may lead to outages not being reported that should be reported. Such a condition will result in an incorrect representation of the state of the electricity sector which may negatively impact regulatory decision making.

URCA now issues this Consultation Document to invite submissions and comments from interested parties prior to making a Final Decision on the proposed definition of a major outage, so as to remove any ambiguity that may exist for licensees with respect to the definition of a major outage that will apply to the electricity sector in The Bahamas.

### **3. Regulatory Framework**

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

URCA undertakes various roles and duties in the ES in The Bahamas with the primary role being that of the regulation of the ES in accordance with the goals, objectives and principles underpinning the national energy and electricity sector policies<sup>2</sup>.

#### **3.1 Policy Objectives**

The National Energy Policy 2013 established a Strategic Framework with priority attention on inter alia:

"The Bahamas will have a modern energy infrastructure that enhances energy generation capacity and ensures that energy supplies are safely, reliably, and affordably transported to homes, communities. And [sic] the productive sectors on a sustainable basis."<sup>3</sup>

#### **3.2 Electricity Act 2015 (EA)**

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<sup>2</sup> Electricity Act 2015 s37(1)

<sup>3</sup> National Energy Policy 2013 Section 2, page 16 para 1

Section 3(b) of the EA establishes that one of the purposes of the Act is to, inter alia:

- (a) “secure the long-term energy security of The Bahamas through the establishment of a legal and regulatory framework that ensures the provision of a safe, least cost, reliable and environmentally sustainable supply of electricity.”

Section 6 of the EA establishes that the main goal of the electricity sector policy is the creation of a regime for the supply of safe, least cost, reliable and environmentally sustainable electricity throughout The Bahamas.

Section 7 of the Electricity Act mandates that, in creating regulatory and other measures that introduce or amend a significant government policy or regulatory measure, including but not limited to the national energy policy, URCA shall “(i) specify the electricity sector policy objective that is advanced by the policy or measure; and (ii) demonstrate compliance with guidelines set out in paragraphs (a), (b) and (c)”

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 38(3)(g) of the EA empowers URCA to issue technical rules and standards and enforce standards for the purpose of carrying into effect the sector policy objectives, which includes but is not limited to, the protection of electricity consumers.

Section 40 of the EA requires every public electricity supplier (PES) to “within three months of the date of this act comes into operation, submit to URCA for approval a plan proposing standards for the protection of electricity consumers<sup>4</sup> which shall include, inter alia:

- (a) standards of service, quality and safety of electricity service and equipment provided; and

Under section 41 of the EA, URCA has a duty to consult with the public on matters which, in the determination of URCA, are of public significance.

### **3.3 License Condition<sup>5</sup>**

Condition 14.5 of the PESL and APESL provides that:

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

Condition 24.5 of the PESL and 23.5 of the APESL reads:

“The Licensee shall provide a major outage report to URCA within 24 hours of a major outage detailing, to the extent possible, the: (i) the cause of the outage, (ii) the 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.”

Condition 39.2 of the PESL and 38.2 of the APESL mandates that:

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<sup>4</sup> EA 2015 Section 40(1)

<sup>5</sup> PESL conditions 14.5 and 39.2.

“The Licensee shall plan and operate its transmission and Distribution Electricity Supply System to ensure that the 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”.

The cumulative effect of the foregoing, therefore, allows URCA conduct this public consultation and to exercise its regulatory powers under the Electricity Act to intervene in the electricity market to the extent of establishing technical standards for electricity supply in The Bahamas.

### **3.4 Regulatory Impact Statement**

In evaluating the proposed technical standards against the requirements of section 7 of the EA, URCA considers that the proposed action is made with a view to implementing the main goal and governing principles and objectives of the sector policy and the electricity supply regime. Specifically, URCA considers that the objectives set out in section 6(2)(a), 6(2)(c) and 6(2)(g) of the EA are advanced by providing a definition of the term major outage. These objectives respectively relate to the provision of safe, reliable, least cost electricity supplies to all consumers.

More particularly, URCA considers that benefits would accrue to electricity suppliers and consumers if provided with clarification to the existing definition of the term ‘major outage’ relating to the reliability of supply of electricity to consumers. URCA considers that clarifying what is a major outage should minimize ambiguity when licensees are required to report on such outages. This should also improve the capture of relevant data which will aid in decision making.

### **4. Definition and Interpretation of a Major Outage**

The definition of a major outage is the same in both the PES and APES licenses and, for the avoidance of doubt, reads as follows:

“Major Outage” means an outage which affects a significant customer base within the geographic area and lasts longer than two (2) hours or any island-wide black out.

URCA considers that there is potential ambiguity when interpreting this term consequential to the following key elements of the term in the license not being defined: (i) outage; (ii) customer; (iii) customer base; (iv) significant customer base; (v) geographic area; and (vi) island-wide black out . To remove this potential ambiguity for the purpose of interpreting what is a major outage, URCA proposes to define these terms, as outlined below.

“Customer” means a metered electrical service point for which an active bill account is established at a specific location within the geographic area.

Do you agree with the definition for “Customer”? If not, please state your objections and proposed amendments with justification(s) for the same.

“Customer base” means all the customers within the geographic area.

Do you agree with the definition for “Customer base”? If not, please state your objections and proposed amendments with justification(s) for the same.

“Geographic area” means the physical area which contains the customers being supplied with an electrical service by the licensee. This service territory is defined in the license Part A, Grant of the License, Condition 1.1. Where a licensee’s territory spans more than one island or cay, for major outage reporting purposes each island or cay shall be considered individually.

Consider a licensee whose geographic area spanned the whole of The Bahamas. Based on the definition for geographic area, that licensee would be required to report major outages affecting Ragged Island separately to those affecting New Providence and those affecting Abaco separately to those affecting Eleuthera, etc.

Do you agree with the definition for “Geographic area”? If not, please state your objections and proposed amendments with justification(s) for the same.

“Island-wide black out” means the loss of service, of any duration, to all the customers served by the licensee in its geographic area.

Do you agree with the definition for “Island-wide black out”? If not, please state your objections and proposed amendments with justification(s) for the same.

There is a distinct difference between an outage and an interruption as noted below.

“Outage” means the loss of the ability of a component to deliver power. For example, a generator or transformer failure that prevents it from producing or transferring power, respectively.

Do you agree with the definition for “Outage”? If not, please state your objections and proposed amendments with justification(s) for the same.

“Interruption” means the total loss of electric power on one or more normally energized conductors to one or more customers connected to the distribution portion of the system.

Interruptions are normally used to quantify the reliability of an electrical service through indices such as the System Average Interruption Duration Index (SAIDI). SAIDI typically considers sustained interruptions with a duration of five minutes or more.

Do you agree with the definition for “Interruption”? If not, please state your objections and proposed amendments with justification(s) for the same.

In the major outage term, the wording “an outage which affects a significant customer base” means an outage that results in an interruption. The interruption can take either of two forms: (i) the loss of power to a significant customer base for a duration of two hours or longer; and/or (ii) the loss of power to the customer base of any duration. Major outages are reported for the day in which they occur. However, if, for example, an outage resulting in an interruption starts at 11.00pm on one day and ends at 01.00 am the following day it shall be treated as a major outage on the starting day.

“Significant customer base” means three (3) thousand customers or, where the customer base is less than three thousand, the customer base.

Do you agree with the definition for “Significant customer base”? If not, please state your objections and proposed amendments with justification(s) for the same.

Having regard to all of the proposed definitions above provided for the elements of the term ‘major outage’, URCA considers that a major outage means –

- (a) the loss of the ability of a component to deliver power which results in the total loss of electric power on one or more normally energized conductors to a significant customer base, for a duration of two consecutive hours or more; and/or
- (b) the loss of the ability of a component to deliver power which results in the total loss of electric power on one or more normally energized conductors to the customer base, for any duration.

Considering the above do you agree a “major outage” means an outage which affects a significant customer base within the geographic area and lasts longer than two (2) consecutive hours or any island-wide black out. If not, please state your objections and proposed amendments with justification(s) for the same.

If you are a Public Electricity Supplier or Authorized Public Electricity Supplier, what challenges, if any, do you foresee in gathering the data and reporting on major outages per the interpretation outlined in this document and how do you intend to overcome these?

## 5. Next Steps

This section sets out the next steps to be taken in this consultation process by URCA to the end of issuing the proposed major event definition.

After the period for responses closes, URCA will carefully consider all submissions and shall issue its Statement of Results and Final Determination setting out the finalized text of the definition of a Major Outage in the supply of electricity.

The Statement of Results and Final Decision, including the finalized text of the Major Outage definition, will be issued within thirty (30) calendar days from the close of responses by interested parties.

After the issuance of the Statement of Results and Final Decision, URCA will notify the relevant ES licensees of the new definition that applies to the supply electricity which shall come into effect on the date of the Statement of Results and Final Decision.

## Annex 1: List of Questions

1. Do you agree with the definition for “Customer”? If not, please state your objections and proposed amendments with justification(s) for the same.
2. Do you agree with the definition for “Customer base”? If not, please state your objections and proposed amendments with justification(s) for the same.
3. Do you agree with the definition for “Geographic area”? If not, please state your objections and proposed amendments with justification(s) for the same.
4. Do you agree with the definition for “Island-wide black out”? If not, please state your objections and proposed amendments with justification(s) for the same.
5. Do you agree with the definition for “Outage”? If not, please state your objections and proposed amendments with justification(s) for the same.
6. Do you agree with the definition for “Interruption”? If not, please state your objections and proposed amendments with justification(s) for the same.
7. Do you agree with the definition for “Significant customer base”? If not, please state your objections and proposed amendments with justification(s) for the same.
8. Do you agree a “major outage” means an outage which affects a significant customer base within the geographic area and lasts longer than two (2) consecutive hours or any island-wide black out. If not, please state your objections and proposed amendments with justification(s) for the same.
9. If you are a Public Electricity Supplier or Authorized Public Electricity Supplier, what challenges, if any, do you foresee in gathering the data and reporting on major outages per the interpretation outlined in this document and how do you intend to overcome these?