



# **Guidelines for the Inspection of Licensees in the Electricity Sector**

Consultation Document

ES 08/2023

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## **Abbreviations**

APESL	Approved Public Electricity Licence/Licensee
CAIDI	Customer Average Interruption Duration Index
EA	Electricity Act of the Commonwealth of the Bahamas, 2015 and Amendments
GoB	Government of The Bahamas
GTDS	Generation, Transmission and Distribution and Supply
KPA	Key Performance Area
KPI	Key Performance Indicator
kW	Kilowatt
kWh	Kilowatt-hour
MW	Megawatt
PES	Public Electricity Supplier
NEP	National Energy Policy of the Commonwealth of the Bahamas (2013)
PESL	Public Electricity Suppliers Licence
RAB	Regulatory Asset Base
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
URCA	Utilities Regulation and Competition Authority

# 1 Introduction

## 1.1 Purpose of the Guidelines

The primary purpose of regulatory inspections is to independently provide a high level of assurance that activities performed by the authorized party are in compliance with the regulatory requirements and with the conditions specified in the authorizing legislation or licence. Inspections for this purpose are typically only performed by the Regulatory Body and performed on a one aspect of the authorized party's activities at a time.<sup>1</sup>

URCA is issuing this consultation in furtherance of Section 32 of the EA anent the "Inspection of Public Electricity Suppliers in the Family Islands" and section 40(6) of the EA regarding the inspection of "any electrical installation or apparatus of BPL or any other public electricity supplier". The procedures, as set forth in these proposed guidelines, seek to establish the relevant entities to whom the inspections will apply as well as the scope, frequency, and format for the technical inspections of PESL and APESL, (special licensees), facilities for the generation, transmission and distribution of electricity. The term "special licensees" refers to holders of either a Public Electricity Suppliers License (PESL) or an Authorized Public Electricity Suppliers License (APESL) and is used interchangeably with these terms.

The guidelines seek to:

- Establish the reasons for the performance of annual inspections.
- Identify the entities to whom the inspections will apply along with exemptions where appropriate;
- Describe the inspections and when they will be conducted along with the location of the inspections; and
- Received feedback from stakeholders regarding the general format of the proposed inspections.

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<sup>1</sup> IAEA Handbook for Regulatory Inspectors IAEA TECDOC 1867

## 1.2 Background

Established in 2009 by the URCA Act, 2009, the Utilities Regulation and Competition Authority ('URCA') is the independent regulator and competition authority for the Electricity Sector (ES) in The Bahamas. The URCA Act of 2009 (Chapter 306 of the Statute Laws of The Bahamas) grants URCA the power in respect of the electricity sector of The Bahamas to *"issue all regulatory and other measures"* including, inter alia, *"to issue technical rules and standards"*.

Technical rules and standards, together with the appropriate license, govern how electricity service is provided by licensees and seek to ensure that the provision of that service falls within minimum acceptable service levels. Technical rules alone, however, are insufficient to ensure compliance and ought, as good regulatory practice, to be undergirded with a system of inspections.

Inspections are checks of compliance with established regulations or license conditions as well as the acceptability of the method and nature of production. Technical Inspections by a regulator or its designee, will seek to ensure that in the process of providing the specified service, the licensee does not wilfully and consistently breach the conditions of his license or other regulatory standard or requirement.

For most regulated entities, inspections and other forms of regulatory control are the primary forms of interaction with regulations and regulators,<sup>2</sup> but inspections need not impose unnecessary burden on licensees that make the provision of the licensed service more onerous.

GTDS licences issued by URCA include the requirement for inspections of any aspect of the business and for licencees to provide assistance to URCA, as it may reasonably require, in the performance of the inspection. The intent of periodic inspection of licencees' facilities is to promote economic and technical efficiency in all aspects of the electricity sector through performance benchmarking and enforcement of standards and regulations, with a view to improving the quality and reliability of the supply of electricity.

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<sup>2</sup> Blanc, Florentin, *Inspection Reforms: Why, How and with What Results*, OECD

### 1.3 Objectives of this Public Consultation

The core objectives of this consultation are to:

1. Provide guidelines in relation to the exercise of URCA's powers to inspect licensees' facilities that ensures the licensees are operating in a manner that promotes safety, efficiency and reliability of supply,
2. Define in broad terms which areas of the facilities will be inspected,
3. Establish who will perform the inspection and frequency of such inspections,
4. Provide key stakeholders an opportunity to seek clarity on the way URCA intends to approach the inspection of power stations and other facilities of the licensee,
5. Promote regulatory confidence by ensuring the inspection guidelines are transparent, fair and, non-discriminatory,
6. Establish the regulatory framework regarding the inspection of licensee's facilities necessary to effectively regulate the sector; and,
7. Seek feedback from licensees and interested parties on the proposed guidelines.

Question 1: Are the objectives contained herein relevant to the development of the ES sector?  
Are there any additional objectives that should be considered?

### 1.4 Structure of this Document

The remainder of this consultation document is structured as follows:

- Section 1:** Continues by outlining, inter alia, how persons may respond to and participate in this consultation process;
- Section 2:** Outlines the legal basis and framework under which URCA is conducting this consultation process.
- Section 3:** Discusses the regulatory impact.
- Section 4:** Describes URCA's next steps in the consultation process

**Annex I** Outlines URCA’s proposed guidelines for the inspection of licensees

**Annex II** Contains the consolidated list of questions asked in this consultation document.

## **1.5 Responding to this Consultation.**

URCA invites written comments and submissions from members of the public, licensees and interested parties on any aspect of this consultation document. Comments and submissions can be shared on any aspect of this consultation document, and insofar as it is possible, each section has been numbered to facilitate easy reference. Persons may deliver their written comments or submissions to URCA’s Director of Utilities and Energy either:

- by hand, to URCA’s office at Frederick House, Frederick Street, Nassau, Bahamas; or
- by mail, to P. O. Box N-4860, Nassau, Bahamas; or
- by fax, to (242)-393-0237; or
- by email, to [info@urcabahamas.bs](mailto:info@urcabahamas.bs)

All comments and submissions to this consultation document should be **submitted on or before 16 December 2023**. URCA will acknowledge receipt of all responses. URCA’s preferred format for written responses is as follows;

- Respondent’s name,
- Name of organisation (or state whether respondent is a consumer),
- Email address or other address of respondent,
- Response to Question 1,
- Response to Question 2, etc.; and
- Any other matters that you believe URCA should consider under the instant consultation process.



The questions asked in this consultation document have also been compiled and listed in Annex II, for ease of reference. Full explanation to the answers submitted or views held by respondents on any of the issues raised or proposals made in this consultation would also be helpful.

## **1.6 Confidentiality**

URCA believes that, as a matter of transparency and good regulatory practice, it is important for the public and interested parties to this consultation process to have sight of the views and positions expressed by all respondents. As such, 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.

However, URCA may treat as confidential, responses that are clearly marked (in part or full) as “Confidential”. Explanations should be provided to justify any information that is submitted on a confidential basis. In such circumstances, a redacted version should also be submitted to URCA. URCA has the sole discretion to determine whether to publish any submission marked “Confidential”.

## **1.7 Intellectual Property**

Copyright and all other intellectual property that form any part of a response to this consultation will be assumed to be licensed to URCA for its use during this consultation process.

# **2 Legal Framework**

## **2.1 The National Energy Policy**

In 2013, the Government of The Bahamas issued its National Energy Policy (NEP) 2013-2033 with the targeted objective of developing “A modern, diversified and efficient energy sector providing Bahamians with affordable energy supplies, and long-term energy security towards enhancing

international competitiveness and sustainable prosperity”<sup>3</sup>. The NEP goes on to set out its strategic framework which identifies, inter alia, the following key requirements for electricity development:

- Modernising the country’s energy infrastructure.
- Development of a comprehensive governance/regulatory framework to effectively support the advancement of the energy sector to be effectively able to facilitate the introduction of renewables and the diversification of fuels.
- Energy supplies that are more affordable, safe, secure and reliable.
- Amendment of existing legislation or promulgation of new legislation or regulations to ensure responsible market behaviour and promote market harmony.

URCA feels that the preservation and advancement of the goals of the NEP will be best served through a system of inspections of licensees’ operations.

## **2.2 The Electricity Act, 2015<sup>4</sup> (EA)**

The EA empowers URCA as the regulator for the Electricity Sector (ES) in The Bahamas, with implementing the ES policy, enforcing provisions of the EA and enforcing licence conditions.

Section 37(1) of the EA provides that, “the primary role of URCA is the regulation of the electricity sector in accordance with the goals objectives and principles underpinning the national energy and electricity sector policies.”

Section 42 of the EA outlines the conditions that make a regulatory or other measure one of public significance. Imposing upon URCA a duty to consult. It provides that, inter alia, a regulatory or other measure is likely to be of public significance where it relates to electricity supply systems or services, energy efficiency programmes, or renewable energy resources and can lead to one or more of the following.

- A major change in the activities carried on by URCA under the EA;

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<sup>3</sup> The Bahamas National Energy Policy page 10

<sup>4</sup> The Electricity Act of the Bahamas 2015

- A significant impact on persons carrying on activities in areas regulated by URCA under this Act; and
- A significant impact on the general public in The Bahamas.

As a new regulatory framework, URCA believes that the carrying out of inspections of licensees' facilities represents a significant impact on persons carrying out activities in the electricity sector, an area that is regulated by URCA, per the EA s42(2).

### **2.2.1 Inspections in the Family Islands**

UCRA is mandated to conduct inspections of licensees in the Family Islands per the EA 2105, section 32.

### **2.2.2 Consumer Protection**

Section 40(6) of the EA provides that, "URCA shall monitor and enforce the consumer protection conditions in licenses and, in this regard, URCA may from time to time appoint in writing one or more suitable qualified electrical inspectors to inspect any electrical installation or apparatus of BPL, or of any other public electricity supplier."

Section 40 (7) provides that, "An electrical inspector appointed by URCA pursuant to subsection (6) has a right of entry to premises at all reasonable hours for the purpose of conducting and inspection and the owner or occupier of premises shall, upon production of an official card or badge by an inspector, admit the inspector to the premises."

Section 40 (9) provides that, a licensee shall –

- a. "Monitor its performance against key performance indicators as may be set out in its licence or in any regulatory measures issued by URCA; and
- b. Pursuant to a written request made by URCA, publish and provide in a manner required by URCA its performance results against the relevant key performance indicators".

In an earlier consultation document (ES 05/2023), URCA proposed technical standards for the generation, transmission, distribution and supply of electrical energy in The Bahamas.

Inspections by URCA will facilitate the verification of these performance indicators and other technical standards.

### **2.2.3 Determination By URCA**

Section 64 of the EA gives URCA the remit to make determinations where URCA sees it necessary relating to the terms and conditions of a licence, including obligations in licence conditions, regulatory and other measures, standards or technical rules.

### **2.2.4 Delegation of Authority to Conduct Technical Inspections**

Section 37(2)(n) of the EA provides that URCA may “engage inspectors as required at the costs of the licensees, to conduct inspections of public electricity suppliers for compliance with the terms and condition of their licenses”.

In establishing these guidelines URCA signals its intent to engage suitably qualified persons to conduct inspections on its behalf where the need may arise.

## **2.3 Licence Conditions**

The following obligations, contained in the respective licenses, are applicable to PESL and APESL holders:

Condition 12.1: 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.

Condition 12.2: 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.

Condition 14.1 The Licensee shall provide adequate, safe and efficient services based on modern standards, to the Licensee’s Service Territory at approved rates so as to meet the electricity demand and to contribute to national economic development.

The requirements for inspections are set out in Condition 30.1 (a) and (d) of the PESL and condition 29.1 (a) and (d) of the APESL, viz:

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 to permit a person authorised by URCA to carry out such inspection and/or audit.

### **3 Regulatory Impact Statement.**

In evaluating the proposed inspection guidelines 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, c, and g) and section 40 of the EA 2015 are advanced by the introduction of inspections of GTDS sites. These objectives respectively relate to:

- The provision of safe, least cost electricity supplies to all consumers,
- The enhancement of the energy security of The Bahamas,
- The promotion of energy efficiency in the generation, distribution, and consumption of electricity throughout the economy.

More particularly, URCA considers that benefits would accrue to supplier and consumers if inspections are performed to ensure compliance with the requirements of the EA.

### **4 Conclusions and Next Steps**

In this document, URCA has presented its objectives, legal framework and purpose concerning the inspection by URCA of its Licensees.

URCA invites all interested parties to comment on the proposed Guidelines which are included in the annex to this document. URCA will carefully consider all comments and submissions received within the prescribed timeline for responding to this consultation. Subject to section 1.5 of this document, all comments and submissions received within the prescribed timeline will

be published on the URCA website. URCA intends to issue a Statement of Results and Final Decision to this consultation document within thirty (30) calendar days following the end of the consultation period unless extenuating circumstances dictate otherwise (in which case URCA will duly notify the public). URCA will give full reasons for its decisions.

URCA looks forward to constructive engagement with all interested parties on this consultation document.

# Annex I: Guidelines for the Inspection of Licensees in the Electricity Sector

## 1 Introduction

In exercise of the powers and duties conferred upon it by Section 38(3)(c) of the Electricity Act, 2015, (“the EA”) the Utilities Regulation and Competition Authority (“URCA”) hereby issues the following guidelines. These guidelines may be cited as the “Guidelines for The Inspection of Licensee in the Electricity Sector” (the “Guidelines”).

URCA is mandated to carry out periodic inspections of licensees to ensure inter alia, compliance with the EA, other competent legislation, and license conditions governing the operation of the of the licensee.

URCA proposes that inspections not unduly disrupt the operation of the licensee. Hence, the intent of the guidelines is to provide clarity on the process and requirements of the various parties involved in the inspection.

The following sections describe the types of inspections to be carried out and provide further information on the responsibilities of the licensee to facilitate the inspection.

## 2 Purpose

The purpose of these Guidelines is to establish a fair, transparent and non-discriminatory approach that URCA will take when inspecting the generation, transmission, distribution and supply (GTDS) facilities of licensees and to provide guidance to licensees about the process and prior requirements necessary to prepare for the inspections.

## 3 Application

These Guidelines shall apply to all types and classes of licences, whether issued ex post or ex ante by URCA, in accordance with the EA.

## 4 Publishing obligation

These Guidelines shall come into effect upon publication in accordance with section 43 of the EA.

## 5 Interpretations

Unless the context requires otherwise, the following shall have the meanings ascribed below:

**APESL** – means an Authorized Public Electricity Supplier Licensee.

**Inspections** – means the act of visiting a premises or site for the purpose of investigating the activities being carried out at that location for the generation, transmission, distribution and supply of electricity including but not limited to the following, whether present at that premises or site;

- equipment;
- records;
- facilities and buildings; and
- operations.

**Inspector** – means a person appointed by URCA to conduct inspections pursuant to these Guidelines.

**Licensee** – means any holder of a license issued by URCA under the EA, as defined in the EA 2015.

**Notice of Inspection** – means written notice from URCA of the proposed inspection at the premises of the licensee covering one or more sites.

**PESL** – means Public Electricity Supplier Licensee.

**Premises** – means all building or property occupied by the Licensee or any associated company or subsidiary undertaking of the Licensee whether open to customers or not in the normal course of the Licensee’s business. A premises may include several geographical or functionally separate sites.



**Records** – means the information kept by a licensee in relation to its licensed activities, including but not limited to:

- a. fuel and lubricating oil received, stored, and consumed and dates of receipt, usage and consumption,
- b. engine operations – including hours of operation, availability, and non-availability,
- c. major equipment maintenance records including partial and major overhauls,
- d. pressure and temperature readings and measurements of major equipment,
- e. safety records including any major oil spills and recovery, major incidents, and outcomes of those incidents; safety reports and compliance with the EA in this regard,
- f. voltage and current including power generated and transmitted,
- g. capacities including capacity of mechanical and electrical equipment and whether exceeded or not. The basic amount is determined as the sum of avoided costs/gain to the Licensee and detriment to the consumer.
- h. Customer information.
- i. Accounting information.

**Site** – means any office, generating station, fuel tank farm, electrical substation, transmission line, substation or control room or other facility utilised by a Licensee for its licensed activities,

**Year** – means a calendar year which may differ from the fiscal year of the Licensee.

## **6 Types of Inspections:**

Following are examples of the types of inspections for which the Guidelines apply.

- Safety Inspections, whether related to accidents or major incidents or normal operations,
- Environmental Inspections,
- Licensee Compliance Inspections.

Where necessary, the types of inspections may be combined by URCA. URCA will give a Licensee prior written notice of its intent to combine inspections in its Notice of Inspection.

## **6.1 Safety Inspections**

Safety Inspections are carried out in relation to major incidents or accidents at the site or in relation to general operational safety audits of the site by URCA. The Licensee is expected to comply with established industry specific guidelines, the license conditions, and any other guidelines that URCA may from time to time prescribe. Safety Inspections are carried out at the premises and/or site of the Licensee on an individual basis. Among other things, the inspector will gather information related to subsections 6.1.1. to 6.1.7. below.

### **6.1.1 Personal Protective Equipment (PPE)**

Does the Licensee have a procedure to provide required PPE to its employees? In addition, does the licensee have procedures in place to ensure that only employees dressed in PPE are allowed on the plant and to operate equipment?

### **6.1.2 Communications**

Does the Licensee have a procedure for prompt communication of information gained from an accident/incident investigation throughout the utility and to the relevant statutory bodies?

Where appropriate or required by the license condition or other statutory requirement, does the licensee have a procedure for communicating to the public, media and persons impacted by the accident or major incident?

### **6.1.3 Conduct of Safety Inspections**

Does the Licensee have a procedure that requires general safety inspections/technical audits to be conducted at its premises and/or sites at regular (at least quarterly) intervals?

### **6.1.4 Permit Systems**

- Does the Licensee have adequate authorized personnel at the site with the requisite experience and skill?
- Does the Licensee have a procedure that is used to identify the requirements for site-specific permits and special work practices (WPs) for work associated with: confined spaces, energy sources, hazardous materials, flammable atmospheres, hot work, excavation?

- Does the Licensee retain copies of issued permits kept on file in accordance with regulatory requirements and best industry practices?
- Does the Licensee have policies and procedures in place that allows only staff with the appropriate skill set and experience to issue permits to work?

#### **6.1.5 Safety Orientation**

Does the Licensee have a procedure for orienting and educating employees on relevant safety rules prior to starting new or different work assignments?

#### **6.1.6 Colour Coding and Signage**

Does the Licensee have a procedure to allocate the appropriate signs and colour coding to be used to reinforce safety rules and work processes?

#### **6.1.7 Safety Review**

Does the Licensee have a procedure for analysing the premises and/or site's significant operations?

### **6.2 Environmental Inspections**

Environmental Compliance Inspections will be carried in relation to environmental stewardship of the Licensee and compliance with Section 6 (2)(f) of the EA (2015), and consistent with relevant environmental law, the requirements of the Department of Environmental Planning and Protection, environmental best practice, and stipulations in the licence condition.

Environmental Compliance Inspections may be carried out at each individual premise and/or site or location of the Licensee.

### **6.3 Licensee Compliance Inspections**

Compliance Inspection can include verification of the Licensees compliance with the requirements of the law (e.g., EA 2015), regulations (e.g., procurement), and the conditions contained in the license. The inspection may include a visit to the premises to assess, for example, the plant and equipment of the Licensee. Such an inspection may be the result of the

occurrence of technical disturbances such as major outages which affect the quality of service being delivered to consumers or other breaches.

Licensing Inspections will be carried out to ensure, among other things, compliance with the Electricity Suppliers license issued by URCA, which include inter alia:

- Technical service levels (T&D and Supply);
- Duty to secure long-term electricity supply system security and reliability;
- Merit Order Dispatch;
- Long Term Planning Procedures and Standards; and
- Codes of Practice (See PESL condition 43.7 and APESL condition 42.7).

Licensing inspections can also be carried out on the organization as a whole and may include visits to various premises and/or sites that URCA will identify in advance of the on-site inspection.

More specifically, Inspections will be undertaken of APESLs in the Family Islands to ensure compliance with the requirements of the Customs Act, as referenced indirectly in the EA 2015 section 32(3), for goods and materials imported by the licensee that received special treatment under.

## 7 Inspection Frequency

URCA or inspectors appointed by URCA, may perform inspections with the frequency indicated in the following schedule. It may be necessary for follow-up inspections to be performed which are not indicated in the table below, however licensees will be notified by URCA about the need for follow-up inspections.

Item	Type of Inspection	Frequency
1	Safety Inspection	Annually
2	Environmental Inspection	Every 3 years
3	Licensee Compliance Inspection	Annually

Question 2: Do you have any comments with respect to the type and frequency of inspections that URCA proposes to be carried out?

## 8 Proposed Format for Inspections

### 8.1 Inspection Procedure

This section describes the proposed format of the inspection and lays out the steps in the inspection process that licensees are expected to follow.

Inspection Task in Sequence	Conditions and capacities needed to carry out the task
Set the mandate of the inspection	<p>Clear authority that sets the scope of the inspections</p> <p>Communication to special licensees of the regulatory mandate.</p> <p>Coordinate with other inspectorates, where necessary (for example in environmental inspections) to avoid duplication.</p>
Supply competent Inspectors	<p>Where necessary recruit suitable inspectors.</p> <p>Provide specific information so that inspectors know the history and conditions of the site to be inspected.</p>
Set the goals of the inspection	<p>Provide a framework of clear goals and targets for the performance of the inspectorate as a whole.</p> <p>Demonstrate how these goals relate to the regulatory mandate of the special licensees.</p> <p>Relate these goals to the specific actions of the inspector.</p>

<b>Inspection Task in Sequence</b>	<b>Conditions and capacities needed to carry out the task</b>
Select the site to be inspected	<p>Select the site to be inspected based on prior activity or other contemporaneous criteria. (For example, a previous oil spill in the case of an environmental inspection.)</p> <p>Communicate the reason for the selection to the inspector and licensee.</p>
Establish the authority of the inspector and the purpose of the inspection to the business manager	<p>Display official credentials when entering a site.</p> <p>Provide a telephone contact line to verify inspector credentials by calling a central office.</p> <p>Explain in an opening meeting the authority, purpose, and scope of the inspection.</p> <p>Provide copies of regulations to be used, or explain where copies can be found</p>
Carry out inspection using transparent procedures	<p>Hold a meeting onsite prior to the inspection to make introductions, go over the objectives and activities. Include a safety briefing where appropriate.</p> <p>Permit manager and employees to accompany inspector.</p> <p>Make a written record of all observations and tests.</p> <p>Permit manager to check calibration of all testing equipment.</p>
Explain what was found and next steps	Explain in a closing meeting what was found, the conclusions of the inspection, and the process of finalizing the inspection.

<b>Inspection Task in Sequence</b>	<b>Conditions and capacities needed to carry out the task</b>
Finalize results of the inspection	Via correspondence to the special licensee, explain the results of the inspection and necessary actions required to be taken by the special licensee as a result of the findings of the inspection.
Make available appeals and due processes	Allow special licensees the ability to query and/or challenge findings through an appeals process.
Follow-up inspections to ensure that major problems are corrected	Schedule limited follow up inspections to quickly assess compliance in problem areas.
Monitor results of inspections	Track incidence of non-compliance to determine effects of inspections.

## 8.2 Inspectors

Inspections will normally be carried out by an employee or employees of URCA; however, URCA reserves the right to appoint Inspectors in accordance with the EA (2015). In particular, section 37(2)(n) of the EA provides that URCA may “engage inspectors as required at the costs of the licensees, to conduct inspections of public electricity suppliers for compliance with the terms and condition of their licenses”.

Inspections may be carried out by more than one person with differing areas of specialty, experience, and expertise to preserve efficiency and effectiveness of the inspection on behalf of URCA by the persons so engaged.

The Inspector appointed by URCA, whether an employee or a third party, is acting as an agent of URCA during the inspection. The inspector has the right to view all areas of the licensee inclusive of all generation assets and machinery and to request relevant information inclusive of documents and permits associated with the operation of the plant.

### 8.3 Notice of Inspection

Prior to commencing the inspection process, URCA will provide a written Notice of Inspection to the licensee. Unless extenuating circumstances require it, or with prior agreement between the parties, the Notice of Inspection will be issued not less than ten (10) working days prior to the planned date of the inspection. The Notice of Inspection will include, inter alia, the following information:

- proposed date of the inspection,
- name of the inspector(s),
- proposed premises/site to be inspected,
- type of inspection; and,
- information required to be submitted by the Licensee to URCA in advance of the inspection.

Question 3: Is the proposed timeframe for the Notice of Inspection adequate? If not, kindly submit an alternative timeframe for consideration.

Question 4: Is the information contained in the Notice of Inspection adequate to allow the Licensee a reasonable opportunity to prepare for the proposed inspection?

### 8.4 Assistance to be provided to URCA

Condition 30.1 (a) of the PESL and Condition 29.1 (a) of the APESL, respectively require the licensee to provide assistance to URCA:

- a. For 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. For 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 time specified by URCA; and,



- c. To permit a person authorized by URCA to carry out such inspection and/or audit.

Question 5: Is URCA's proposed approach to inspections sufficiently clear and comprehensive? If not, please provide full explanation and kindly state areas in which any omission or clarification may be required.

## **8.5 Cost of Inspections**

It is the intention of URCA that the cost for planned inspections be incorporated into and covered in the annual fees for the Electricity Sector. Where unplanned inspections are required and/or further inspections are necessary as a follow up to a planned inspection, URCA reserves the right to recover the cost from the relevant Licensee per the provisions in their licensee or other supporting legislation.

## **8.6 Inspection Reports**

Upon conclusion of the inspection by URCA an inspection report will be prepared and submitted to the licensee. The report will include all findings of the inspection inclusive of areas where the licensee is performing well and those areas in need of improvement.

### **8.6.1 Licensee Response.**

Licensees shall have a period of two (2) weeks to respond to the contents of the report. If deemed appropriate the response period may be adjusted to reflect the nature / complexity of the matters contained in the report. The response shall address each area where deficiencies have been noted and provide an explanation of how the deficiency will be remediated, and a timeline for remediation. The responses may also contain objections to the findings and alternative positions. URCA will review the response and provide its final decision and next steps or determination and order (as appropriate) within two (2) weeks of receiving the final response.

### **8.6.2 Non-Compliance and Enforcement**

One of the objectives of inspections is to ensure compliance. It is intended to provide guidance to the Licensee on the actions required to remedy a condition that is not in keeping with the law,

regulations, or licensee conditions. A Licensee who commits an offence is subject to the provisions of the EA Part XV. A licensee who commits a breach, or fails to remedy a breach, may be subject to a fine per the Guidelines for the Electricity Sector on the Assessment of Fines for Breaches, EA 05/2022.<sup>5</sup>

Question 6: Do you agree with the timeline for response? Is the response period adequate?

Question 7: Do you agree with URCA's intent to establish compliance criteria and enforcement penalties?

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<sup>5</sup> ES-05-2022-SOR-Guidelines-on-the-Assement-of-Fines-for-Breaches.pdf (Available at [www.urbahamas.bs](http://www.urbahamas.bs))

## Annex II: List of Consultation Questions

For ease of reference, this section provides a consolidated list of the questions raised in this consultation.

Question 1: Are the objectives contained herein relevant to the development of the ES sector? Are there any additional objectives that should be considered?

Question 2: Do you have any comments with respect to the type and frequency of inspections that URCA proposes to be carried out?

Question 3: Is the proposed timeframe for the prior Notice of Inspection adequate? If not, kindly submit an alternative timeframe for consideration.

Question 4: Is the information contained in the Notice of Inspection adequate to allow the Licensee a reasonable opportunity to prepare for the proposed inspection?

Question 5: Is URCA's proposed approach to technical inspections sufficiently clear and comprehensive? If not, please provide full explanation and kindly state areas in which any omission or clarification may be required.

Question 6: Do you agree with the timeline for response? Is the response period adequate?

Question 7: Do you agree with URCA's intent to establish compliance criteria and enforcement penalties?