



Our Ref: B-R279

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6 December 2021

Regulatory Authority
1st Floor, Craig Appin House
8 Wesley Street
Hamilton HM 11

Attention: Nigel Burgess

Dear Sirs,

Re: Comments on Large Scale Self-Supply Licence Preliminary Report

This letter provides the response of Bermuda Electric Light Company Limited (“BELCO”) to the consultation document entitled, “Large Scale Self-Supply Licence Preliminary Report” bearing matter number 20210222 and dated 5 November 2021 (the “Second Round Consultation Document”). It represents BELCO’s second set of comments in the public consultation process relating to large scale self-supply licences (the “Consultation”). BELCO submitted its comments on the consultation document produced for the first round of the Consultation entitled “Large Scale Self-Supply Licence Consultation Document” dated 1 March 2021 on 15 March 2021.

This letter does not comprehensively address every matter with which BELCO takes issue in the Second Round Consultation Document, and any failure to refer to any particular aspect of the Second Round Consultation Document may not be construed as a waiver by BELCO of any rights or remedies available to it. In fact, BELCO reserves all rights and remedies available to it, now and in the future, to provide additional and/or complementary submissions in relation to the subject matter contained herein and/or otherwise to modify and amend its position as set out herein.

BELCO notes that the Second Round Consultation Document does not include a specific question. As such, BELCO now addresses the invitation for comment included in paragraph 16 of the Second Round Consultation Document by addressing, in turn, certain paragraphs of the Second Round Consultation Document using the headings and numbering contained therein. Terms used but not defined herein shall carry the meaning provided in the large scale self-supply licence attached as the Annex to Appendix A of the Second Round Consultation Document (the “Proposed Licence”).

Summary of General Responses

Paragraphs 34 through 38

BELCO notes that the RA has not drafted the Proposed Licence contemplating the potential of a licensee's premises being connected to the grid in any way and therefore believes it is not necessary for BELCO to review the technical documents/drawings, test results or commissioning of electrical isolation facilities. BELCO believes, however, the RA has not considered the importance of BELCO ensuring that the facilities are truly not connected to its transmission and distribution network.

Further, notwithstanding the RA's comment that "[t]hese views will be kept under review and BELCO's comment taken into account should alternate Large Scale Self-Supply scenarios arise in the future", it may be prudent to involve BELCO at the outset of a Large Scale Self-Supply project to ensure that any Large Scale Self-Supply installation is suitably designed, constructed and commissioned for network connectivity. Such could potentially avoid future complications from late discovery of incompatibility in the event of a need to connect to the grid.

Paragraphs 41 & 42

BELCO requests that any relevant information on Large Scale Self-Supply generation facilities is shared in the integrated resources plan guidance document when it is issued.

Paragraphs 43 & 44

Other than when facilities are running in parallel, BELCO queries what, in the RA's current view, could be a circumstance where the TD&R Licensee would require access to the Licensee's premises.

Summary of Responses to Particular Questions raised by the RA

46. Question 2: Are there any conditions that must be added that are not currently included?

BELCO is pleased the RA agreed that displaying a copy of the Proposed Licence should be a requirement as it is for other licensees and consequently added Condition 17.2 to the Proposed Licence.

BELCO notes the RA's view that providing parameters for which it will grant or deny permission for the replacement of Generation Facilities may be unduly restrictive at this time, but BELCO still believes such parameters are necessary.

48. Question 4: Do you consider that another generation licensee should be allowed to operate the Large Scale Self-Supply generation facilities?

BELCO notes the RA's position that it "does not currently have views either supporting or not supporting" a scenario in which another generation licensee is allowed to operate Large Scale Self-Supply generation facilities. BELCO wishes to be consulted when the RA does further consider its view. One consideration for the RA is: Could there potentially be an "aggregated operator", i.e. someone operating a large number of Large Scale Self-Supply facilities which comprises a significant level of demand and thus represents significant generation collectively but separately outside of the bulk generation limit?

BELCO believes that a limit should be placed on the amount of aggregated sites over which any one operator can have control. This could be determined by either an aggregated load limit or the quantity of sites. Without such a limit, it is possible that large areas may come under the control of one person and consequently create a pseudo grid which contradicts the spirit of the License and/or having a sole TD&R Licensee. The severity of the impact would escalate in the cases where grid interconnection is requested.

49. Question 5: Should the Large Scale Self-Supply Licence application be required to specify the level of redundancy to be provided?

BELCO notes the RA's premise that the Large Scale Self-Supply would not be connected to the grid. It also notes the RA's decision to determine whether redundancy should be specified or left to the discretion of a prospective licensee on a case-by-case basis at the time of application. As BELCO is best placed to effectively evaluate its ability to offer redundancy (should the need arise) BELCO requests that it is consulted on each case.

50. Question 6: Do you have an opinion on what issues should or should not be addressed in the Large Scale Self-Supply Standards (to be issued by the RA)?

Should new service standards be required for Large Scale Self-Supply licences, BELCO looks forward to participating in such consultation.

51. Question 7: What length of notice period should the Large Scale Self-Supply Licensee be required to provide before it can surrender the Licence?

BELCO is pleased that the RA has accepted its suggestion in relation to the notice period. The process now included in the Proposed Licence supports an early engagement by the TD&R Licensee and thus can ensure a reasonable timeframe.

However, the amendment made to Condition 8.1 in the Proposed Licence could be clearer. For instance: Does the notice to surrender involve ensuring that the Generation Facilities may be capable of being added to the grid before discussing timeframe of surrender, or is this evaluation part of determining the timeframe?

Further, there is no mention of who would be responsible for the costs of any studies, infrastructure works or any other associated costs related to BELCO accepting the load onto its grid. BELCO asks: Who would be financially responsible?

BELCO also believes that the ability to periodically visit such sites during operational stages can also assist in ensuring a reduced timeline in the event of a Licensee's desire to surrender a Licence.

52. Question 8: Do you consider that there should be a "supplier of last resort"? If so, please outline the circumstances under which the supplier of last resort should apply and give your views on which entity/ies it would be?

BELCO notes that the "RA does not envisage specifying a supplier of last resort at this time." Notwithstanding that BELCO considers itself the supplier of last resort, BELCO wishes to be consulted when the RA does envisage specifying a supplier of last resort.

Additionally, given the connection of this question to question 5 answered above, BELCO wishes to reiterate that the TD&R Licensee is best positioned to effectively evaluate its ability to offer redundancy for any load.

TERMS AND CONDITIONS OF THE LARGE SCALE SELF-SUPPLY LICENCE

The questions and comments below are in relation to the provisions as drafted in the Proposed Licence.

Definitions and Interpretation

i. "Controls"

BELCO notes the RA did not make any amendments to this definition. BELCO still believes it is more prudent to have consistency and clarity by adopting the same meaning as within the Companies Act 1981.

ii. **“Large Scale Self-Supply Business”**

BELCO notes the RA did not amend this definition. It strongly suggests replacing the current definition with one that more accurately describes the operation of Large Scale Self-Supply, as the term “business” implies transactions are being made (which would contradict the definition of Large Scale Self-Supply). BELCO suggests replacing “business” with “operation”.

iii. **“Self-Supply”**

BELCO resubmits that this term is unnecessary, as it is not used. Further, this provided definition does not adequately capture the specific meaning of self-supply (i.e. one’s own generation and consumption).

Condition 10.2

BELCO notes the RA did not accept the suggestion made, and it further suggests that “Standards” is changed to “standards” given that “Standards” is not a defined term.

Conditions 11.1 & 11.2

In the interest of transparency, BELCO asks the RA to provide the criteria it would use in determining that the proposed “person is competent to operate the Generation Facilities to the standard of a Reasonable and Prudent Operator”?

Condition 11.3

BELCO wonders whether this paragraph is intended to be a means of managing the potential scenario of an aggregated operation similar to the scenario BELCO noted above at paragraph 48.

BELCO also queries whether “operator” and “generation facilities” should be capitalized here in order to refer to the defined terms.

Condition 20

Belco notes the addition of the words “sudden and unexpected” to this provision. BELCO wishes to understand why these words were added, as it seems that such an addition creates a limitation that does not exist in similar provisions included in other licences.

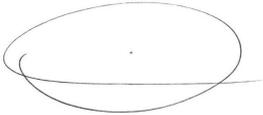
Condition 24.6

BELCO notes the RA kept this requirement and would like to reiterate its position that it may be disproportionate.

BELCO

BELCO looks forward to the publication of the general determination in connection with the Consultation in due course.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Wayne Caines', enclosed within a hand-drawn oval shape.

Wayne Caines
President