



Office of Utility Regulation

Electrical Inspections

Consultation Paper

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Office of Utility Regulation
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1. Introduction

The Office of Utility Regulation is continuing to work towards establishing a competitive regulatory framework for the electricity sector in Guernsey as mandated by legislation enacted in October 2001¹ and February 2002². As part of that framework, the Generation, Conveyance and Supply activities of Guernsey Electricity Ltd (“GE”) have been licensed since 1st February 2002. It should be noted that separate arrangements apply to the electricity sectors elsewhere in the Bailiwick of Guernsey.

Under Section 20 of the Electricity (Guernsey) Law, 2001 (“the Electricity Law”), the Director General may make regulations providing that any licensee shall appoint electrical inspectors to undertake inspection and testing of electric lines and electrical plant within the Island of Guernsey. This electrical inspection covers activities in relation to both new installation of new equipment and alteration to existing equipment.

This document describes the background to the existing arrangements in Guernsey for the inspection of electrical installations and sets out certain matters on which the Director General wishes to consult.

Interested parties are invited to submit comments in writing on the matters set out in this paper to the following address:

Office of Utility Regulation
Suites B1& B2
Hirzel Court
St Peter Port
Guernsey
GY1 2NH
Email: info@regutil.gg

All comments should be clearly marked “Comments on Electrical Inspections Consultation Document” and should arrive before 5pm on 15th October 2002.

All comments are welcome, but it would make the task of analysing responses easier if comments reference the relevant question numbers from this document. In line with the policy set out in Document OUR01/01 – “Regulation in Guernsey; the OUR Approach”, responses will be available for inspection and any material that is confidential should be put in a separate Annex and clearly marked so that it can be kept confidential.

The Director General regrets that she is not in a position to respond individually to the responses to this consultation, but she proposes to issue a response to the consultation by the end of the year.

This consultative document does not constitute legal, commercial or technical advice. The Director General is not bound by it. The consultation is without prejudice to the legal position of the Director General or her rights and duties to regulate the market generally.

¹ The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001

² The Electricity (Guernsey) Law, 2001

2. Background

Guernsey's regulatory legislation recognises that the role played by the Director General of Utility Regulation is a complex one, and requires that she should balance a range of objectives as specified in Section 2 of The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. The Director General is considering the approach to electrical inspection within the context of these duties.

Prior to the Electricity Law being enacted, the former States Electricity Board, now Guernsey Electricity Ltd ("GE") had an obligation to undertake electrical inspections under previous electricity legislation enacted in 1933 and 1955. GE was not permitted to levy an explicit charge for these inspections and the overall costs of electrical inspections were recovered from all electricity customers via the charges they pay for electricity.

Prior to the 1st February 2002, the Director General instructed GE to continue with electrical inspections in the same manner under the provisions of Section 20 of the Electricity Law pending this consultation document being issued and any decision to change the regime.

The Electricity Law provides that the Director General may make regulations in relation to electrical inspections. The Electricity Law explicitly restricts the Director General's powers to the making of regulations requiring a licensee to appoint electrical inspectors for the purpose of inspection and testing of lines and plant, such inspections being designed to ensure that the lines and plant comply with the legislation and with any standards that have been determined or approved by the Director General. Annex 1 contains the relevant extract from the Electricity Law.

3. Electrical Standards

The Electricity Law recognises the need for standards to be in place such that electrical inspections should be carried out to those specified standards. It further provides that the standards can either be prescribed by the Director General or can be standards that are approved by the Director General.

The Director General recognises the strong technical competencies of GE in relation to electrical engineering matters and believes that this, along with its historical position in the market and its position as the monopoly provider of the conveyance and supply networks, means it is best placed to specify the proper standards of installation practice. In applying standards GE follows international practice and uses the IEE³ Wiring Regulations⁴. The Director General therefore proposes to approve the existing standards already used by GE for installations.

³ Institute of Electrical Engineers

⁴ Details available from the IEE website at www.iee.org/Publish/WireRegs/

Q3a: Do respondents agree that GE is the most appropriate entity to develop technical standards for installation given its role in running the electricity network? If not please explain why and provide alternative suggestions as to who should develop such standards.

Q3b: Do respondents agree with the Director General's proposals to approve the existing GE standards for installations? If not please explain why and suggest any alternative approach you may think is appropriate, giving reasons.

4. Electrical Inspections

The rationale underpinning the current regime of electrical inspection is that a degree of independent quality assurance is applied to both new installations and alterations to existing equipment which should protect the users of such installations. This is viewed as a health and safety issue. The regime also has the effect of protecting the integrity of the supply and conveyance networks so that there is no unnecessary interruption or degradation of service to the generality of users, and also to protect users and employees accessing the electricity network.

Assuming that the relevant standards are to be approved in accordance with section 3 above, the Electricity Law envisages that the function of the Director General is restricted to deciding whether or not to make regulations that require GE, as a licensee, to continue to carry out electrical inspections. Therefore, while it could be argued that alternative regimes such as formal accreditation or a requirement for membership of an appropriate trade association would be appropriate for Guernsey, this is not envisaged by the current Electricity Law and these are not considered further in this paper.

The Director General considers that the drivers for the existing regime of electrical inspection (i.e. safety of the network, avoidance of disruption for users etc) remain valid and justify the making of regulations to require GE as the conveyance licensee to continue to appoint competent persons to carry out electrical inspections.

Q4a: Do respondents agree that GE, as the sole conveyance licensee in Guernsey, should be required to continue to carry out electrical inspections of installations? If not, what alternative do you propose and why?

Q4b: Notwithstanding the existing provisions of the Electricity Law, do respondents consider that an alternative approach would be appropriate in Guernsey and if so why? (Please note that an alternative approach could require legislative change and may not be feasible in the near term).

5. Cost Recovery

Within the current regime, the person undertaking the new installation or alteration to existing equipment is required to contact GE to arrange for an electrical inspection. It is estimated⁵ that 98% of electrical inspection relate to new installations within the Island of Guernsey. Presently, GE spends around £60,000⁶ per annum undertaking electrical inspection, with this expenditure funding the necessary personnel as well as the supporting documentation.

Currently, there are no explicit charges levied to recover these costs, rather they are spread across all of GE's customers within the overall charges made to customers for consumption of energy as per the 1933 and 1955 legislation. However, the Electricity Law allows direct charging to be introduced and the Director General must determine whether the existing cost recovery mechanism is appropriate.

On the one hand it can be argued that all users of the electricity network benefit from these inspections as they ensure that new installations do not adversely affect the overall network and so that the generality of customers are protected from potential impact of technical and safety problems. On the other hand it can be argued that those who benefit directly from the electrical inspection regime should bear the associated costs and therefore an explicit charge should be levied when GE sends inspectors to inspect a new installation.

This charge could be levied on the installer who would presumably then pass the cost on to the customer concerned. One potential drawback of this approach is that it could act as a disincentive for electrical installations to be properly inspected, leading to the potential for sub-standard installations.

Q5: Do respondents consider that the costs of electrical inspection should be recovered from all customers through the general electricity charge, or from individual installers who require inspections to be carried out? Please give reasons for your answers.

6. Conclusion

The Director General is seeking views on the matters raised in this document in order to assist her in deciding whether to make regulations requiring Guernsey Electricity Ltd, as the sole Conveyance Licensee in Guernsey, to carry out inspections of electrical installations to its agreed standards. In making such regulations, the Director General is seeking views on how the costs of such inspections should be recovered.

The questions in this paper are summarised below for convenience of respondents.

Q3a: Do respondents agree that GE is the most appropriate entity to develop technical standards for installation given its role in running the electricity network? If not please

⁵ GE estimate, June 2002

⁶ GE estimate, June 2002

explain why and provide alternative suggestions as to who should develop such standards.

Q3b: Do respondents agree with the Director General's proposals to approve the existing GE standards for installations? If not please explain why and suggest any alternative approach you may think is appropriate, giving reasons.

Q4a: Do respondents agree that GE, as the sole conveyance licensee in Guernsey, should be required to continue to carry out electrical inspections of installations? If not, what alternative do you propose and why?

Q4b: Notwithstanding the existing provisions of the Electricity Law, do respondents consider that an alternative approach would be appropriate in Guernsey and if so why? (Please note that an alternative approach could require legislative change and may not be feasible in the near term).

Q5: Do respondents consider that the costs of electrical inspection should be recovered from all customers through the general electricity charge, or from individual installers who require inspections to be carried out? Please give reasons for your answers

/ENDS

Annex 1: Extract from the Electricity (Guernsey) Law, 2001

Electrical inspectors

20. (1) The Director General may by regulations make provision requiring any licensee to appoint competent and impartial persons to act as electrical inspectors, at the licensee's expense, under this Part for the purpose of-

- (a) the inspection and testing of electric lines and electrical plant belonging to persons authorised by a licence or exemption to generate, convey or supply electricity;
- (b) the inspection and testing of electric lines and electrical plant on a consumer's premises for the purpose of determining whether any requirement imposed by or under this Law in respect of such lines or equipment or the supply of electricity through or by such equipment has been complied with;
- (c) the inspection and testing of electrical installations of such type and installed during such periods of time as may be prescribed, on a consumer's premises to ensure compliance with proper standards of installation practice as determined or approved by the Director General; and
- (d) undertaking such other duties as may be prescribed by regulations under this section or as the Director General may determine.

(2) Regulations made by the Director General under this section may make provision for such matters as the Director General sees fit so as to carry out his functions under this Law and the Regulation Law and may include, without limiting the generality of the powers of the Director General under this section, regulations-

- (a) prescribing the manner in which and the times at which any duties are to be performed by electrical inspectors;
- (b) requiring persons authorised by a licence or exemption to generate, convey or supply electricity-
 - (i) to furnish electrical inspectors with records or other information; and
 - (ii) to allow such inspectors access to premises and the use of electrical plant and other facilities;
- (c) making provision for relieving persons authorised by a licence to supply electricity from any obligations to supply in such cases as may be prescribed; and
- (d) prescribing the amount of the fees which are to be payable to such inspectors.