



**Electrical
Safety
Authority**

Guideline for Change of Ownership

Version 2.0

Ontario Regulation 22/04

Electrical Distribution Safety

September 15, 2008

Legal Disclaimer.

This document contains GUIDELINES ONLY to assist members of the industry in interpreting Ontario Regulation 22/04 - Electrical Distribution Safety - made under subsection 113(1) of Part VIII of the Electricity Act, 1998. These guidelines do not have the force of law. Where there is a conflict between these guidelines and any legislation or regulation which may apply, the relevant law prevails.

Retention Periods stated in the guidelines set out the minimum period for which referenced documents are to be retained. Each *owner* needs to make its own assessment of the appropriate retention period for specific documents based on its assessment of risk factors and potential liability.

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1.0 General

1.1 Purpose of Guideline

This Guideline has been prepared to provide guidance to distributors and non-distributors on how to comply with section 3 Same, change of ownership of Ontario Regulation 22/04 Electrical Distribution Safety. Specifically this guideline addresses the process to be followed and the documentation required.

This Guideline is to be read in conjunction with Regulation 22/04. As a condition of operating it's distribution systems, each distributor will need to provide an annual statement of compliance to the Electrical Safety Authority (ESA) stating compliance with sections 3, 9, 10, 11, and 12 of the Regulation.

This Guideline along with the Regulation and other appropriate standards form the basis on which ESA will assess the safety of the electrical distribution installations within the Province of Ontario.

1.2 Definitions

1.1.1 **“Authority”** means the Electrical Safety Authority;

1.1.2 **“Application for inspection”** means a contractor shall file with ESA a completed application for inspection of any work on an electrical installation.
(See OESC Rule 2-004 Application for a complete definition)

1.1.3 **“Connection authorization”** means where any electrical installation or part thereof to which electric power or energy has not previously been supplied is made in or upon any land, building, or premises or subject to Subrule (2)

hereof, where any electrical installation or part thereof has been disconnected or cut off from any service or other source of supply under the OESC, no supply authority, contractor, or other person shall connect or re-connect the installation or part thereof to any service or other source of supply unless:

- (a) The installation and all work in respect thereof have been inspected in accordance with the procedures in Rule 2-004 by an inspector; and
- (b) A connection authorization has been issued by ESA in respect of the installation.

(2) Where any electrical installation or part thereof has been disconnected or cut off from a source of supply by a supply authority for six months or less for non-payment of rates or because of a change of occupancy of premises, the supply authority may reconnect the installation or part thereof without obtaining a connection authorization (OESC Rule 2-012).

1.1.4 “**distribution system**” means a system for distributing electricity, and includes any structures, equipment or other things used by an *owner* for that purpose;

1.1.5 “**distributor**” means a person or company who is licensed to own or operate a distribution system under Part V of the *Ontario Energy Board Act, 1998*;

1.1.6 “**OESC**” means the Ontario Electrical Safety Code referred to in Ontario Regulation 164/99;

1.1.7 “**non-distributor transferee**” means a person or company that is not a licensed *distributor*,

1.1.8 “**owner**” means a licensed *distributor* that owns the support structure;

1.1.9 “**ownership demarcation point**” means the point,

- (a) at which the distributor’s ownership of a distribution system, including connection assets, ends at the customer, and
- (b) that is not located beyond,
 - (i) the first set of terminals located on or in any building, or

(ii) an electrical room or vault in a building where the electrical room or vault is of tamperproof construction, bears a sign to indicate that it is an electrical room or vault and is accessible only to authorized persons;

1.1.10 “**professional engineer**” means a holder of any of the licenses issued under the *Professional Engineers Act*, and subject to any terms, conditions or limitations attached under that Act (Reg. 22/04);

1.1.11 “**Regulation**” means the Ontario Regulation 22/04 – Electrical Distribution Safety;

1.1.12 “**Report**” means a report prepared to provide all of the information as specified in Section 3(3) of the *Regulation*.

2.0 What does section 3 mean?

Section 3 means that if ownership of a *distribution system* or part of one is transferred from a *distributor* to a *non-distributor transferee* then the system or part transferred is subject to the *OESC*. Also, if there is a change to the *ownership demarcation point* that results in a *distribution system*, or part of one, being transferred to a person that is not a *distributor*, then the system or part that is transferred is subject to the *OESC*.

Section 3 does not apply if

- a. a *distribution system*, or part of one, is transferred from a *non-distributor transferee* to a *distributor*, or
- b. a *distribution system*, or part of one, is transferred from one *distributor* to another *distributor*.

Note: in some special situations neither the *OESC* nor Regulation 22/04 apply, such as on First Nation reserves or federal government land and buildings. If there is any uncertainty whether the *OESC* or Regulation 22/04 do apply, contact ESA.

3.0 What is required under section 3 of Regulation 22/04?

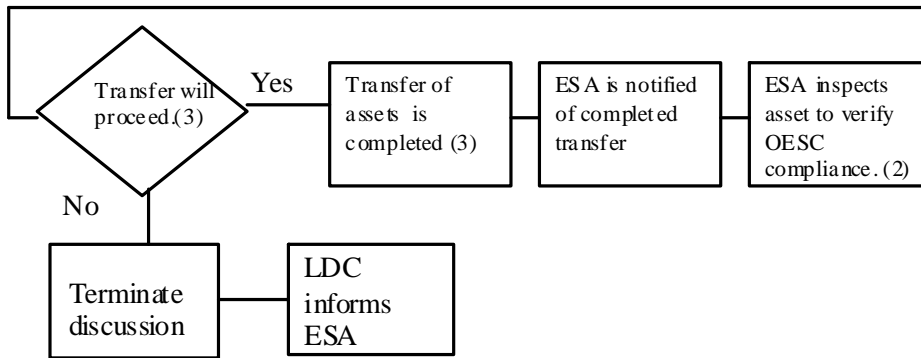
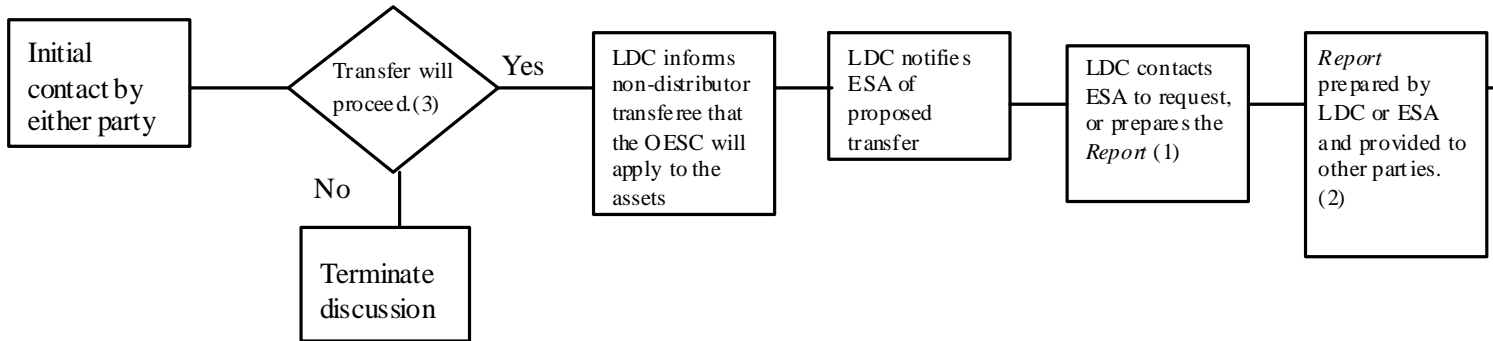
Section 3 requires that prior to a change of ownership demarcation point or a transfer of ownership:

- a. The distributor shall notify the non-distributor transferee, that on completion of the change or transfer, the *distribution system* or part transferred becomes subject to the requirements of the *OESC*; and
- b. The distributor shall notify the *Authority* of the proposed change or transfer; and
- c. A report shall be prepared identifying any modifications to the *distribution system* or part that are required to ensure that the part of the distribution system to be transferred will be in conformance with the requirements of the *OESC*, and that report shall be provided to the non-distributor transferee and the *Authority*.

4.0 How to comply.

Following is a high-level process outline of the steps that would be necessary to comply. It does not attempt to address the internal processes an LDC will use to

deal with an asset change of ownership. It is meant to lay out the sequence of events in a logical form so that no steps are missed.



1 The request for the **Report** can also serve as the notification to ESA if the LDC requests ESA to provide the **Report**.

2 ESA will provide this report and also the final inspection at no cost.

3 Subject to OEB and other regulatory requirements as required.

5.0 What needs to be in the *Report*?

The *Report* must identify all modifications that must be completed to bring the system or part into compliance with the *OESC*. This report may include, but is not limited to the following information:

- a. Identify the demarcation point
- b. Equipment or installation that does not conform to the requirements of the *OESC*
- c. Missing equipment or system components required by the *OESC*.

6.0 Who can prepare the *Report*?

ESA will provide the *Report* to the *distributor* and *non-distributor transferee* at no cost. This will ensure that an accurate *Report* is prepared for the benefit of all parties, and ESA's inspectors are all qualified experts in the *OESC*.

In order to make arrangements for ESA to provide this *Report*, contact the Program Coordinator, Utility Regulation to request the service at 905-712-5653 or utility.regulations@electricalsafety.on.ca.

When contacting ESA for the inspection please have the following information available:

- Name and Phone number of Contact person for LDC
- Address of Site to be inspected
- List / Description of equipment to be transferred including serial numbers – Make / Model
- Demarcation point of equipment to be transferred
- Date inspection required by

It is ESA policy that only a property owner can request an inspection to be conducted on private property. Therefore ESA will require the distributor to request the inspection of its assets prior to transfer.

It is important that the *non-distributor transferee* understand that upon assuming ownership of the transferred assets, any non-compliance with the *OESC* will have to be corrected within the follow-up times agreed between with the non-distributor transferee and ESA. ESA requires defects to be corrected within 28 days of the date the transfer of assets is complete.

- 6.1 The *distributor* or a qualified person hired by either party who has practical knowledge of the OESC may also prepare the *Report*. In such a case, this report shall be provided to the *other party* and ESA, in accordance with section 3 (3) of Regulation 22/04.
- 7.0 What will ESA do once the transfer is complete?
- 7.1 If the *Report* identifies any non-compliance with the OESC, then ESA must make a final inspection to ensure that all non-compliances are resolved. To ensure that a final visit takes place, the party that arranged for the *Report* shall notify ESA when the transfer is complete. If the *Report* does not identify a non-compliance with the OESC, then the *Report* will indicate a final inspection is not required.
- 7.2 If the *non-distributor transferee* accepts the system with identified non-compliances to the OESC they will be responsible for all repairs. As this is no longer an LDC asset a separate *application for inspection* must be filed with ESA by the new asset owner or contractor engaged to do the repairs prior to the commencement of any electrical work. All repairs must be inspected by ESA and should the system be de-energized to facilitate repairs a *connection authorization* is required prior to being re-energized. The applicant will be responsible for all fees associated with this separate *application for inspection*.
- 7.3 If the distributor prior to the transfer being completed corrects the non-compliances in accordance with Regulation 22/04, then a connection authorization is not required. A final inspection by ESA is still required to complete the *Report*, which is part of the services included and does not require a separate *application for inspection*.
- 7.4 If a qualified person as noted in section 6(2) of the guideline prepares the *Report*, then ESA still requires an inspection of the transferred assets to ensure OESC compliance. An *application for inspection* shall be taken out by contacting the ESA Customer Service Centre at 1-877-ESA-SAFE (1-877-372-7233).



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Summary of Revisions

September 15, 2008

Section 4.0 Flow Chart

Section 6.0 Information required for ESA to complete inspection