

MULTI YEAR TARIFF (MYT) FY 2024/2025, 2025/2026, 2026/2027

Issues Paper – March 2025

1. Introduction

On 11th November 2024 the Office of the Regulator (OOTR) received a proposal from the Electric Power Corporation (“EPC”) seeking approval for changes in new electricity tariffs pursuant to Part IV Sections 19 and 20 of the Electricity Act 2010 (“the Act”). The main objectives of EPC in its Corporate Plan 2025 -2027 are for provision of affordable services to the general public. The OOTR seeks and welcomes comments on the issues raised in this Paper in relation to the proposal from EPC.

2. Purpose

The purpose of this Paper is to set out the proposed changes by EPC in the electricity tariff calculation for the next Multi Year Tariff for the three financial years 2024/2025-2026/2027. This would include amendments for the Energy Charge component of the tariff considering the previous process to be reviewed every month while the tariff structure remains effective. The objective is to provide the current issues for consideration to allow stakeholders to provide comments of its impact on the end users.

3. Background

The tariff structure currently in place is based on FK (2 1) 43 and overruled Regulator Order No. 2021/E80 for Multi Year Tariff FY2021-2024 ¹, that was only in place for two months since 1st September 2021. With the current tariff structure in place, EPC started recording huge losses for its overall operation in the following years:

Table 1: EPC operational losses

Financial Years	\$ (million)
2022	\$22 million
2023	\$55 million
2024	\$3.5million

Source: EPC Annual Reports for FY 2022 and FY 2023

With the abovementioned results, the Corporation had to liquidate all its term deposits set up for all capital investments projects. As such EPC no longer have any term deposits for Capital Works except for about \$8million that remain of it’s Self Insurance Fund.

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https://www.regulator.gov.ws/images/ORDERS/Electricity/2021/ORDER_2021_E80.pdf

Given the above background and the results of operational losses EPC believes it is hard to change the tariff structure at this stage. However, the Corporation proposed the tariff structure to remain as it is and for amendments to be done only for the Energy Charge Component of the tariff on a monthly basis as per previous process.

CURRENT TARIFF STRUCTURE

Table 2:

PREPAID METER	Usage Charge	Debt Charge	Energy Charge	Total Tariff
Domestic Consumers	Sene/kWh	Sene/kWh	Sene/kWh	Sene/kWh
less than 50 kWh	0	0	0.52	0.52
over 50kWh	0.11	0	0.52	0.63
Non-Domestic Consumers				
All kWh	0.28	0.07	0.67	1.02
POSTPAID METER				
Domestic Consumers				
All kWh	0.15	0	0.52	0.67
Non-Domestic Consumers				
All kWh	0.31	0.07	0.67	1.05
FIXED RATE Category	Daily Fixed Rate	Energy Charge	Debt Charge	Usage Charge
FR1	1520	0.67	0.02	0.08
FR2	1140	0.67	0.02	0.08
FR3	840	0.67	0.02	0.08
FR4	380	0.67	0.04	0.16
FR5	240	0.67	0.04	0.16
FR6	130	0.67	0.04	0.16

EPC forecasted total demand for electricity at about 204 million units based on growth and system loss during this financial year 2024/2025 whereby energy will be generated from the following sources:

TOTAL PRODUCTION

Table 3:

<i>Production (kWh) by Source</i>	
Diesel Production	157,986,100
Hydro Production	46,580,974
IPP Production	18,465,278
EPC Solar Production	3,155,883
Wind Production	186,725
TOTAL PRODUCTION (kWh)	226,374,960
System Losses (%)	10%
System Losses (kWh)	22,637,496
SALES (kWh)	203,737,464

4. Summary of EPC Proposal

EPC proposed tariffs for the next financial year, using the same methodology as in the current tariff. Methodology is breaking into the tariff into 3 components, which are Debt Charge, Usage Charge and Fuel Charge.

Table 1: Debt Charge (DC)

	Value
Total Production	203,737,464
Financing Cost (Loan Repayments)	13,584,631
Debt Charge (DC)	0.07

Table 2: Usage Charge (UC)

	Value
Total Production	203,737,464
Operational Costs	41,313,651
Capital Costs	24,194,050
Total Cost	65,507,701
Usage Charge (UC)	0.32

Table 3: Energy Charge (EC)

	Value
Total Production	203,737,464
Fuel	125,629,551
IPP Costs	9,786,597
Total Costs	135,416,148
Energy Charge	0.67

Table 4: CURRENT COMPARED TO PROPOSED RATES

Details	Current FY2024/2025	Details	Proposed FY2025/2026
<i>Domestic Post-pay</i>			
Debt Charge			
All kWh		All kWh	
Usage Charge	0.15	All kWh	0.15
Energy charge		All kWh	
All kWh	0.52		0.67
Total	0.67		0.82

<i>Domestic Cash Power</i>				
Debt Charge	All kWh		All kWh	
Usage Charge	1-50		1 – 50	
	51+	0.11	51+	0.11
Energy charge	All kWh	0.52	All kWh	0.67
Total Variable		0.52/0.63		0.67/ 0.78
<i>Non-Domestic Post-pay</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	All kWh	0.31	All kWh	0.32
Energy charge	All kWh	0.67	All kWh	0.67
Total Variable		1.05		1.06
<i>Non-Domestic Cash Power</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	All kWh	0.28	All kWh	0.29
Energy charge	All kWh	0.67	All kWh	0.67
Total Variable		1.02		1.03
<i>Non-Domestic Post-pay with fixed charge</i>				
Debt Charge	All kWh	0.02/0.04	All kWh	0.02/0.04
Usage Charge	All kWh	0.08/0.16	All kWh	0.08/0.16
Energy charge	All kWh	0.67	All kWh	0.67
Total Variable		0.77/0.87		0.77/0.87
Total Fixed		0		\$1,520-\$130

Table 5: FIXED RATE CATEGORY

CATEGORY	Consumptions (kWh)	Fixed Daily Rate
Category 1	Over 150k	1,520
Category 2	110k o 150k	1,140
Category 3	75k to 110k	840
Category 4	50k to 75k	380
Category 5	30k to 50k	240
Category 6	10k to 30k	130

5. Key Assumptions

1. Changes in weather patterns
2. Major changes at the international arena to cause fluctuations in oil prices
3. EPC to pay Dividends based on Government's Dividend Policy, i.e. 50% of Profits for Dividends
4. There will be an increase in Distributed Energy Resource projects (solar, wind, hydro, wind. Etc)
5. Priority will be given to Hydro repair and maintenance to ensure they are operating at full capacity at all times
6. EPC to improve and upgrade Grid
7. Demand growth - 10% normal growth & 4% due to tariff reduction
8. System Losses estimated at 8%

6. Communication and Implementation

Pursuant to Part IV of the Act the OOTR in setting and reviewing tariff shall take into consideration the following:

- (a) The likelihood of the tariff to recover costs and earn a return on investment for the licensee – in this case EPC
- (b) The ability of low income households to pay
- (c) Whether the tariff will encourage efficient use of electricity
- (d) Whether the tariff will avoid price discrimination
- (e) Whether the tariff is easy to understand and to apply

In addition to the above, the Act also requires the OOTR to keep the government advised and fully informed of pending proceedings in relation to tariff changes, and to seek public and stakeholder input by conducting public consultations.

The public consultations will start in:

1. Savaii island:

DATE	VENUE	Participants
12 th March 2025	EFKS Hall, Auala	Pulenuu & Sui Tamaitai
13 th March 2025	Don Bosco Hall, Salelologa	Pulenuu & Sui Tamaitai

Time: 10.00am – 12.30pm

2. Upolu Island:

Time: 10:00am – 12.30pm for Pulenuu & Sui Tamaitai


DATE	VENUE	Participants
17 th March 2025	Elisa Hotel Conference Room	Pulenuu & Sui Tama'itai
18 th March 2025	Elisa Hotel Conference Room	Pulenuu & Sui Tama'itai
18 th March 2025	Elisa Hotel Conference Room	Private Sector & Government Ministries

1.00pm – 3.30pm for Businesses, Government Ministries and Corporations

The timeframe required by the Act for the OOTR to make a decision to accept or reject a proposal from a licensee, such as EPC for tariff change is a period of six (6) months.

The Regulator now invites all interested parties to make relevant comments on the proposal by EPC for multi-year tariffs and to attend the public consultation on these issues. Comments are due on the **27th March 2025** and must be submitted to our **Office at Savalalo, MKR Apartments** or via email temukisa.tuilaepa@regulator.gov.ws or Regulator@regulator.gov.ws

Respectfully,



Lematua Gisa Fuatai Purcell
REGULATOR