PACIFIC COMMUNITY

FOURTH PACIFIC REGIONAL ENERGY AND TRANSPORT MINISTERS’ MEETING
(Apia, Samoa, 18–20 September 2019)

AGENDA ITEM E1 – STATUS OF AND MATTERS ARISING FROM PREVIOUS COMMUNIQUE AND THE STATUS OF THE REGION’S ENERGY SECTOR
[Submitted by Pacific Community (SPC)]

Purpose
1. The purpose of this paper is to inform the meeting on the progress with the outcome of the third Meeting of Energy and Transport Ministers and to provide an update on the progress in the energy sector of island member countries and territories.

Background
2. The Third Pacific Regional Energy and Transport Ministers’ Meeting was held at Nuku’alofa, Tonga on 24–28 April 2017 on the theme – Affordable, reliable and sustainable energy and transport services for all.
3. The meeting agreed on the following high priorities areas for implementation during the 2017–2019 period.

Status
4. Below is a brief status report on the high priority areas identified at the 2017 meeting:
   i. Accelerate the adoption and enforcement of energy sector laws

   For the period 2017 to 2018, there have been a number of progress in the region pushing regulatory development work in the region. This include the following developments:

   ii. Commitments to the global efforts to reduce GHG emissions

   Progress to determining a collective renewable energy (RE) and energy efficiency (EE) targets is currently ongoing. Noted progress in the region on contributing efforts towards this priority is reflected from the work undertaken by IRENA through the SIDs Light House indicators which has compiled and established NDC RE targets, RE capacity statistics and estimated untapped potential for NDCs. This goes without mentioning the momentous drive from the region following the COP 21 meeting which has led to the establishment of the regional NDC Hub which is also supporting Pacific Island Countries undertake revisions of their Nationally Determined Contributions. The government of RMI is acknowledged as being the first PIC to have revised their NDC in preparation for the implementation of the NDC from 2020–2025.

   In terms of Energy efficiency, the ongoing efforts by PPA on the Utilities Benchmarking reports are the noted progress regionally on supply side efficiency.
iii. New approach to capacity-building on sustainable energy

The region’s capacity building move towards more officially-accredited /industry recognised qualifications constructed around a “competency” and “skill-set” approach have progressed in a number regional projects and initiatives. This include the PacTVET project which has eventuated to the regional development of Certificate Levels 1 to 4 on the Pacific Qualifications Framework (PQF) in Sustainable Energy using the Fiji Higher Education Commission policies and procedures. Further progress on this effort will be deliberated at this meeting capturing efforts from USP and IRENA.

iv. Strengthen and consolidate support to existing efforts:

• the Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) and Development partners were called upon to provide further financial support;

The 2nd Pacific Energy and Transport Ministers meeting of 2014 endorsed the establishment of the Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) to assist in accelerating the transition to renewable energy and energy efficient economies by addressing existing barriers and strengthening drivers for sustainable energy markets, industries and innovation. The Centre is hosted by SPC in Nuku’alofa, Kingdom of Tonga. PCREEE receives key technical support from UNIDO with the financial assistance of the Governments of Austria, Norway and Korea. The Pacific Islands Forum Secretariat, Pacific Power Association and SPREP are co-hosts of the PCREEE. The Centre has been operating effectively since 2017 contributing to the acceleration of the energy and climate transformation by creating economies of scales, equal progress and spill-over effects between countries.

• the Pacific Regional Data Repository (PRDR) Strategy 2018–2023;

SPC has since developed a proposal with World Bank worth 7.8 million USD based on the PRDR strategy 2018-2023 and is awaiting the next steps to securing the World Bank’s support and approval of the proposal.

• the petroleum advisory to support safety and find cost-effective supply and price verification information;

The petroleum advisory service from SPC has been struggling since 2017 due to funding constraints, which has greatly being impacted resulting in the following shortfalls:-

  i. Lost its petroleum adviser position hence SPC is unable to provide the necessary advisory to selected PICTs on supply negotiations and price regulation.
  ii. SPC has withdrawn its subscription from Platts global since December 2017 and has since halted its independent services in the verification of pricing submissions to member governments and agencies.

A paper on the future direction of the Regional petroleum advisory services will be discussed at a later session by this meeting.

• the feasibility of phasing out fossil fuel subsidies and to use higher quality fossil fuels that are less damaging to the environment than those currently in use.

ESCAP has funded an evidence-based policies project in Fiji and Tonga. It is now developing an integrated modelling tool (NEXSTEP) as a follow up initiative. The NEXSTEP is capable of modelling the financing options for the achievement of a country’s energy targets. One of the capability of the model is its demonstration of how carbon tax and fossil fuel subsidies can influence the least cost options that are available to a country, based on its energy policies.
Endorsed the mandate of the Pacific Power Association (PPA) – “supporting the power utilities of the PICTs in the provision of high quality, secure, efficient and sustainable electricity services”

The Pacific Power Association since 2017 has become an active member of the Council of Regional Organization in the Pacific (CROP). A paper will be discussed at a later session by PPA in this meeting on their existing and upcoming project with World Bank – Sustainable Energy Industry Development Project; and PPA Disaster Recovery Fund.

**Current status of the energy sector of member countries**

5. Two years (2017–2019) may be a short period of time to see significant changes in the energy sector of PICTs.

6. On energy access, it can be noted from Annex 1 that there was a general increase in the percentage of the population who have access to electricity when comparing 2009 to 2017/2018.

7. In terms of the costs of energy services, most countries followed a Kuznets curve trend where electricity prices increased from 2009 to 2012 and then began to decrease from 2013 to 2018. Contributing factors to the trend in electricity prices is influenced by fuel prices, influx of renewable energy projects from 2012 and fluctuations to the currency exchange rates of the US dollar to most of the currencies in the PICs.

8. The affordability to an economy of the fuel imports can be measured by weighing the mineral fuel imports against the GDP, the higher the percentage the more is the burden on the economy to pay for its fuel imports. Fiji, Federated States of Micronesia, Republic of Marshall Islands, Samoa, Solomon Islands, Palau and Cook Islands experienced a relief whereas it was an increasing burden for the rest.

9. In terms of the share of renewable energy in the total electricity generated in a country, there were significant gains in the smaller PICs but a notable decline in the bigger countries like Fiji, Samoa, Vanuatu and Papua New Guinea.

**Recommendations**

10. The meeting is invited to:

   i. **Note** the progress with the implementation of the outcome of the Energy Ministers Meeting in 2017; and

   ii. **Note** the status of energy progress updates from the region and encourage minister’s commitment to the regions energy development needs as we enter the next decade with a lot more urgency to achieve our national targets and international commitments – SDGs and NDCs.
Annex 1

National electrification level

Average electricity tariffs in PICs