Summary Record of the Meeting Outcomes

Key decisions made:

1. The PEAG agreed that the following topics be presented to the 2017 Ministers Meeting for their consideration and approval:

<table>
<thead>
<tr>
<th>FAESP Theme</th>
<th>Priority Areas for the next 3 yrs</th>
<th>Purpose of paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, governance, coordination &amp; partnership</td>
<td>i). Strengthen the regional capacity on the electricity sector</td>
<td>Endorsement of the work of PPA to enable it to pursue its Host Country Agreement with the Government of Fiji</td>
</tr>
<tr>
<td>Capacity building, Energy Planning, Policy and Regulatory Frameworks</td>
<td>ii). Legislative and regulatory reforms for the transformation of the energy sector of PICTs</td>
<td>Member states to adopt legislations on MESPL ASAP</td>
</tr>
<tr>
<td>Petroleum</td>
<td>iii). Transition to cleaner fossil fuels</td>
<td>Endorsement of a transition to adopt a cleaner fuel quality for land transport</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>iv). Assist PICs on further elaborations on its energy roadmaps / NDCs</td>
<td>Adoption of a regional targets on renewable energy and energy efficiency</td>
</tr>
<tr>
<td>Energy Data and Information / Monitoring and Evaluation</td>
<td>v). Strengthen PICT’s ability to monitor energy sector performance report and fulfill SDG &amp; NDC reporting obligations</td>
<td>Endorsement of the PRDR strategy</td>
</tr>
<tr>
<td>Financing</td>
<td>vi). Supporting PICTs’ access to global environment funds</td>
<td>Regional endorsement of the EE GCF Proposal</td>
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2. The PEAG agreed that the following topics be presented to the 2017 Ministers Meeting for their information and to be noted:

<table>
<thead>
<tr>
<th>FAESP Theme</th>
<th>Priority Areas for the Ministers to note</th>
<th>Purpose of paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, governance, coordination &amp; partnership</td>
<td>Update on the formation of the PERA</td>
<td>Regional Cooperation in the regulation of the energy sector</td>
</tr>
<tr>
<td></td>
<td>Public-private partnership in renewable energy and energy efficiency in the transport sector for tourism purposes</td>
<td>To highlight public-private partnership as a driver of sustainable energy in the PICTs</td>
</tr>
<tr>
<td>Capacity Building, Energy Planning, Policy and Regulatory Frameworks</td>
<td>Almost all PICTs are working on the enactment / review of their energy sector legislations</td>
<td>Status of Energy Sector Legislations, as a driver for reforms, in the PICTs</td>
</tr>
<tr>
<td></td>
<td>Importance of capacity building for the region’s sustainable energy development</td>
<td>Update on training, research and capacity building activities on sustainable energy in the PICTs</td>
</tr>
</tbody>
</table>
3. The PEAG agreed that the following topics be presented to the 2017 Ministers Meeting during the plenary sessions:

<table>
<thead>
<tr>
<th>FAESP Theme</th>
<th>Priority Areas for the Ministers to note</th>
<th>Purpose of paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, governance, coordination &amp; partnership</td>
<td>SDGs &amp; NDCs</td>
<td>To highlight the contributions and inputs from both Energy and Transport to the achievement of the SDGs and NDCs in the Pacific Islands</td>
</tr>
<tr>
<td>EE in transport</td>
<td></td>
<td>To highlight that SPC is leading in the search for funds to address a neglected area in the region’s effort to improve efficiency and reduce reliance on fossil fuel.</td>
</tr>
<tr>
<td>Capacity Building, Energy Planning, Policy and Regulatory Frameworks</td>
<td>Shipping &amp; energy costs</td>
<td>To demonstrate that shipping costs and energy costs, particularly in the rural and remote communities, are inter-related.</td>
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Registration & Opening Session

1. The 7th meeting of the PEAG was held jointly with The Heads of Maritime and Energy meeting was held in Port Vila, Vanuatu from 7th to 9th December 2016. The meeting was organized and co-hosted by the Government of the Republic of Vanuatu, the Pacific Community (SPC), the International Maritime Organization (IMO) and the World Bank.

2. The objective of the meeting was to bring together the Heads of Maritime and Energy in the region to discuss the Framework for Action on Transport Services (FATS) and the Framework for Action on Energy Security in the Pacific (FAESP) priorities and objectives, agree on issues and challenges for Pacific Island Countries and Territories (PICTs) to affordable, reliable, safe and clean energy and transport services, and eventually prepare the agenda of the Third Regional Meeting for Energy and Transport Ministers to be held from 24th to 28th April 2017 in Nuku’alofa, Tonga.

3. The meeting was attended by representatives from Cook Islands, Fiji, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu as well as representatives from the private sector. The meeting participants list is attached in Annex 1.

4. The welcome address was delivered by the Minister for Public Utilities, Hon. Jotham Naphat. The Minister’s address is attached as Annex 2.

5. The opening remarks was delivered by SPC’s Deputy Director-General (Suva), Dr Audrey Aumua, and the remarks is attached as Annex 3.

SESSION 1 – VANUATU HIGHLIGHT OF INITIATIVES
A representative of the Vanuatu government’s gave a presentation on Marine Transport while the Energy Sector representative gave an oral presentation. The meeting noted Vanuatu’s excellent effort in pursuing its national goals and priorities.
1. PROGRESS WITH THE FAESP, 2014 PEMM & PEAG 6 OUTCOMES

**Progress**

Meeting noted with satisfaction the progress with the implementation of the FAESP, 2014 PEMM and the 6th PEAG and acknowledged the support of PICs and development partners. It called for regional agencies to continue to work together and collaboratively to serve the needs of their respective members.

2. GLOBAL, REGIONAL AND NATIONAL PROCESSES IMPACTING ON THE ENERGY SECTOR

**The SDGs and the Paris Agreement**

Meeting noted the significance of the SDGs and the Paris Agreement in driving the global effort on sustainable energy and encourage agencies, development partners and PICs to closely get engaged in the various global, regional and national processes relating to these two very important processes.

**Outcome of the 47th Forum, including the Framework for Resilient Development in the Pacific**

Meeting noted Goal 2 of the FRDP and its emphasis on low carbon and resilient development.

**Nationally Determined Contributions**

Meeting noted that various expressions of the NDCs and urged regional agencies to work closely with countries in further elaborating their NDCs, noting that least cost options should be presented to countries.

The need for reporting on progress on the FRDP, NDCs and the SDGs were noted and the assistance of the PRDR to this effort was acknowledged and a justification for the presentation of the PRDR strategy to be adopted by ministers next year.

3. OUTCOMES OF REGIONAL ENERGY MEETINGS & CONFERENCES

**Outcome of the 25th PPA Conference**

The meeting noted the outcome of the 25th PPA conference, in particular:

- the work undertaken by the PPA in the Sustainable Energy Industry Development Project, Private Sector and Disaster Response Initiative
- that extension of the invitations to the 2017 PPA conference in Samoa from 31 July – 4 August to include the Ministers for Energy
- the need for the Ministers Meeting to formally endorse the work of PPA to enable it to pursue its Host Country Agreement with the Government of Fiji

The meeting was pleased to note the Private Sector Investor Forum, a priority identified by Ministers in 2014, is becoming a regular fixture in the PPA conference.

**Report on Asia Regulatory Forum held at Singapore in October 2016 (Regulators from Tonga, Samoa and Vanuatu)**
The Singapore regulation workshop report was prepared by the regulators of Tonga and Samoa. In combination with the Singapore Energy Week, a week long meeting of Pacific Regulator and staff was organised by Singapore Agencies responsible for Renewable Energy and Energy Efficiency. The South Pacific was represented by 8 regulators and Asia by a further 8 regulators. Total attendance exceeded 30.

The meeting noted that delegates were challenged to focus on their own national priorities, the pathways to achieving their objectives, and constraints (such as availability of funding).

There was a clear outcome that in the small islands states of the Pacific:

- RE was a priority, and RE diversity was highly desirable. But
  - donor funding was essential
  - storage essential when RE penetration exceeded 25% of gross generation
- Regulators could assist / be setting targets for line loss and parasites, and heat rate (diesel generation) with “penalties” for defaulters and incentives if targets exceeded.
- Regulators could also prioritise utilities CAPEX on RE
- A new fuel supply chain, avoiding transhipment in Fiji (or elsewhere) was urgently required in the South Pacific. This could lead to a reduction in landed cost of about 15%!

The meeting was informed that Regulators were also able over 2 days to attend Singapore’s annual “Energy Summit” and Exhibition. The latter was particularly valuable as regulators were able to study a variety of RE systems (including tidal, wave, solar, hydro, wind, biomass) and speak to experts in their technologies.

Pacific Energy Regulators

At an Energy workshop held at Hawaii in July 2015 delegates agreed that there was a need for an Alliance of Pacific Islands Regulators and it was remitted to the regulators of Tonga, Vanuatu and Samoa to progress the matter.

The need for such an Alliance was endorsed at a meeting of Pacific Islands Regulators held at Nuku’alofa, Tonga in August 2016 and a draft constitution document received for their consideration.

The meeting acknowledged that the Alliance has been formally constituted with the regulators of Tonga, Vanuatu and Samoa and founding members.

The meeting endorsed that the principal object of the Alliance are:

- To provide a forum for energy regulators in the Pacific Region to enhance regulatory decision making;
- For regulators to exchange information and experience concerning energy regulation;
- To support the development of energy regulatory regimes in member countries;
- On request, to mentor other member countries’ regulators
- To facilitate the development of locally based training and capacity building opportunities for energy regulation, and to
- Organise seminars, workshops and conferences on energy regulation
4. Capacity Building

**Update & future plans of the PACTVET**
The meeting noted the progress with the PACTVET project and urged the project team to consider the inclusion of licensing trained practitioners in the activities supported by the project.

**Tertiary level education and research in sustainable energy**
The meeting noted USP’s education and research in sustainable energy effort. It agreed with its whole of sector approach that SDG7 (Affordable and clean Energy) is crucial in order to achieve many other goals and that the availability of trained human capacity is key to the SDGs.

The meeting noted that applied research and appropriate technology development /adaptation will play a crucial role in building a sustainable future for the Pacific Islands region and pleased to note that USP is able to collaborate with the PICTS in their efforts to tackle their energy trilemma.

5. Updates and future plans of current regional projects and initiatives

**Establishment of the Pacific Energy Regulator Alliance**
The lead role by the Tonga Electricity Commission as well as the Office of the regulator in Samoa, in doing the groundwork for the formation of the regulator alliance was noted by the meeting. The meeting noted that a constitution of the association has been drafted and endorsed the principal object of the Alliance.

The opening of the application for membership in the alliance was noted and the margins of the ministers meeting in 2017 was noted as an opportunity for the alliance to further advance its causes.

**Update & future plans of the ACSE**
SPC acknowledged the trusts FSM, Kiribati and Tuvalu has entrusted on it to manage their ACSE projects on their behalves. The meeting encouraged such collaborations between regional agencies and their membership. It cautioned PICS to note that February 2017 would be the cut-off date in terms of the EU’s D+3 policy.

**Update & future plans of the PALS & PELS**
The meeting acknowledged Australia’s assistance to the PALS and UNEP’s to the PELS. It noted the satisfactory progress of the PALS project and congratulated Tuvalu on the adoption of its Energy Efficient Act and Energy Efficiency Regulation of 2016. The meeting noted:

- that PICS have limited legislation drafters with expertise in appliance standards and energy labelling and rely on external technical expertise to be part of the program
- changes in Government – policies, institutional changes, new Government have affected /prolonged the approval of MEPSL legislation
- the need for ongoing awareness activities, highlighting the need to clarify the equivalence of the ANZ standards to other standards and the go-to database for products compliance verification,
- the need for strengthened capacity building activities to assist civil servants on the ground to effectively carry out the compliance checks
- the need to have Monitoring, Verification and Evaluation components to the drafted legislations

The meeting supported SPC’s suggestion to Australia for a 2 years no-extra-costs extension to the PALS.
**Update & future plans of the PPA-World Bank Project Pacific Islands Sustainable Energy Industry Development Project**

The meeting noted the progress with the implementation of the PISEIDP and welcome its focus on gender mainstreaming and post-disaster /disaster risk reduction. The interests for targeted Utility Regulators activities in this project was noted. The meeting acknowledged the close linkages of the PISEIDP to other regional projects such as the PRDR and the PACTVET.

The meeting noted that a Project Steering Committee is yet to be established and the interest by energy officials to be in the Capacity Building and training component.

**Update & future plans of the PCREEE**

The meeting noted that the PCREEE has started operating in Tonga with its official inauguration during the Ministers meeting in April 2017.

The meeting welcome the signing of the financing agreement between UNIDO and the Austrian Development Agency and acknowledged the Tonga Deputy Prime Minister’s effort in fundraising and promoting the profile of the PCREEE.

**Update & future plans for SPC’s petroleum service**

The continuing key role of petroleum in the energy sector of the PICTs was acknowledged. The meeting noted SPC’s plans to focus more on petroleum data collection and analysis through the Petroleum Country Profiles. The outcome of the fuel subsidy study in Kiribati was noted as well as SPC’s plans to replicate the study in another one or two PICs in 2017.

It noted SPC’s effort to be more cost efficient in its service delivery including:

- Cost sharing on access to Platts market data
- Covering of venue and catering only for petroleum workshops and meetings
- Relying more on the network of petroleum experts in the PICTs to assist on pricing and safety advice

The meeting noted the varying quality of diesel used in the region for transport and power generation and felt that a regional position on adopting a certain quality of fuel by a certain date is worth tabling for the ministers’ consideration.

**6. DISCUSSIONS OF NEW TARGETS, STRATEGIES AND PROPOSALS**

**Proposed regional position on RE**

The meeting noted PPA’s plan to prepare a position paper on RE, particularly as the Pacific electricity sector is witnessing important changes in regulatory framework and increasing important role for RE. There is a recognition of the need to change and the benefits of these changes and there is the belief that it is important that any new regulatory frameworks are effectively designed and lead to productive outcomes for all. Electric utilities can and should provide valuable input to shaping a country’s regulatory frameworks and these will be covered in the paper, which is planned to be tabled for their information of the energy officials next year.

**The PRDR Strategy**

The meeting acknowledged the effort in drafting the PRDR strategy and its significance to supporting the national and regional energy effort in energy data. The meeting acknowledged the need to strengthen national capacity and to have this reflected in the strategy and looked forward for its consideration by the officials and endorsement by the ministers next year.
**Proposed Regional RE and EE targets**
The meeting noted that the NDCs provide an opportunity to derive a regional targets on RE and EE. The complexity of the exercise and the use of an appropriate name for this was noted. The value of the exercise was confirmed by the meeting who directed SPC to prepare these regional targets for the consideration of ministers in 2017.

**Discussion of the GCF Promotion of energy efficient appliances, lighting and equipment in Pacific Island Countries proposal**
The meeting noted this new funding proposal and urged members to submit their no objection letters in the PPF template as soon as possible.

**Discussion of the GCF EE In Transport proposal**
The meeting acknowledged the effort to develop a regional proposal to address energy use and mitigation in the land transport sector. It agreed with the outcome of the Workshop on Financing for Renewable Energy in Small Island Developing States (SIDS), Nadi, Fiji: 1-3 December 2016, in particular:

- Addressing EE Transport is long overdue
- There are many existing small scale effort of EE in land transport in the PICTs
- PICs has been demonstrating global leadership in GHG emission reduction with renewable energy and the EE in transport should build on the same momentum
- Keep the proposal simple and focus on land transport only
- Be practical and feasible as the project will be driven by the economic feasibility of the effort

The Meeting also agreed that UNDP be the Accredited Entity and to work with SPC in consultatively drafting the proposal.

Meeting noted the draft timeline:
- 2 Dec, Nadi: initial discussions
- 7-9, Port Vila: Consultation with Heads of Energy and Transport meeting
- Feb – GCF concept note prepared
- 24 – 28 April, Tonga: Consultation on a draft concept with Heads and Ministers of Energy and Transport meetings
- May 2017: Submission to the GCF of the regional program proposal.

Meeting noted the interests by ADB, EU and USP in the proposal and urged SPC and UNDP to work closely with partners and the PICs in developing the proposal, noting that the officials and ministers meeting next year offer an opportunity for further consultation and eventual endorsement of the proposal.

**Discussion of the GCF Capacity Building on RE proposal**
The meeting noted that the PACTVET and IRENA led the discussions about a possible GCF capacity building proposal at the Workshop on Financing for Renewable Energy in Small Island Developing States (SIDS), Nadi, Fiji: 1-3 December 2016. It also noted that:

- Participants agreed that there is still a real need to expand training and capacity-building activities in the Pacific, building on existing programs (PacTVET, etc) and local knowledge/context
- Emphasis should be placed on in-country training, where possible, and should be output-based in nature
- New training programs should include a recognition of prior learning component
• Development partners should endeavor to maximize the use of local workforces when designing programs and projects.
• Technical training must be complemented with ‘soft’ skills training, including policy and regulatory matters.

7. PRIVATE SECTOR & MEMBER COUNTRY INITIATIVES

A Regional Fuel Hub proposal by NETOIL
The meeting noted NETOIL fuel hub proposal and its possible implications on the region. It noted that NETOIL is a new player besides the traditional players. It directed SPC to work closely with Vanuatu in monitoring the progress of this initiative and inform PICs accordingly. The meeting noted that the plan may not be fully implemented in the next 3 yrs.

Solar Island Technology energy and transport sector effort in Tonga
The meeting noted SIT’s energy transport effort and look forward to trying out the solar tuk-tuk in Tonga next year.

The Marine Hydroelectric Company
The meeting acknowledged MHC’s products and services and proposed fully-funded proposal and emphasized the need to put out a trial project in the region.

The meeting noted MHC’s interest to have greater participation in regional meetings and establish an office in the Pacific. It also noted USP’s willingness to work on new technologies from the research and testing sides of it

The meeting encouraged countries to discuss win-win arrangements with MHC.

Tonga’s Draft Energy Sector Bill
The meeting acknowledged Tonga’s energy sector legislation effort and reaffirmed that energy sector reform would require new legislations and new institutional set ups.

SEPP

Tuvalu’s Outer island Electrification Programme
The meeting noted Tuvalu’s progress with its TOIEP and the positive likelihood of achieving its RE target as a fine example of a whole-of-government approach to its energy sector targets.

The meeting noted Tuvalu’s interests in a floating solar farm given it land shortage.

8. ENDORSEMENT OF THE MEETING RECORD
The meeting agreed for SPC to circulate the draft for participants’ comments and to have it endorsed by circulation by end of January 2017.