QUARTERLY PROGRESS REPORT – 2nd QUARTER 2006

Gerhard Zieroth
PIEPSAP Manager

PI EPSAP Project Report 47

July 2006

~ Participating Pacific Islands Countries ~
Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu
QUARTERLY PROGRESS REPORT

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Description
Quarterly Report 2nd Quarter 2006

Originator
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QUARTERLY PROGRESS REPORT

1. Country:
Pacific Regional: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

2. Project Number/Code: 00032329

3. Project Title: Pacific Islands Energy Policies and Strategic Action Planning (PIEPSAP)


5. Period Covered: 1 April – 30 June 2006

6. Summary of Overall Project Progress:

During the reporting period significant progress was made in policy development, strategic planning and project development. In close co-operation with a variety of stakeholders the PIEPSAP team advanced capacity building in both the public and Non-State Actors (NSA) sectors (eg members of the national energy task force comprise of representatives of NGOs, community groups). Field activities took place in 10 ACP countries, mostly following up on initiatives that have been started earlier in the project. New activities started in Samoa, Palau and Vanuatu. Co-operation with the European Union/EDF was intensified and PIEPSAP played an active role in the management committee of the REP 5 EDF 9 project. Requests for assistance to develop proposals under the EU Energy facility have been received from PNG, Fiji, Tuvalu and Marshall Islands.

7. Specific Outputs/Results Achieved (As per quarter work-plan):

Project activities were within the parameters of the relevant work plans and included initial consultations with energy sector stakeholders in Vanuatu, refining of the energy policy statement in Solomon Islands and Fiji. In Solomon Islands a review of energy sector legislation has started with the aim to establish a comprehensive strategic framework for rural electrification in a country that has one of the lowest electrification rates in the Pacific. For Marshall Islands the “Outer Island Electrification Strategy” (OIES) was further developed and a final draft is now being circulated amongst key stakeholders. In the second quarter of 2006 co-operation with Pacific power utilities was further expanded. The establishment of a full scale GIS/MIS is now under way in co-operation with the Samoan power utility EPC as a result of a co-operative effort shared between PIEPSAP, the SOPAC community risk program and the EU project “Reducing Vulnerability of Pacific ACP states”. The system that has been established for the Tuvalu Electricity Corporation (TEC) was further refined and will now be expanded to the outer island power supply systems of TEC. The utilities of Solomon Islands, Rarotonga/Cook Islands and PNG have also expressed interest in adopting MIS/GIS as a strategic planning and asset management tool and PIEPSAP is currently preparing co-operation with these utilities. In Kiribati a national biofuel workshop was supported by PIEPSAP. This workshop allowed government and NSA from both Kiribati and Marshall Islands to review experiences with the use of coconut oil as a substitute fuel and discuss issues related to technical feasibility, economics, risks, and environmental impacts of CNO production and use. The
Cook Islands wind energy project developed and promoted in extensive consultation with a variety of stakeholders has in the meantime attracted interest of the EU as a potential activity of the EDF 10 national program. A private sector developer has also expressed interest in the project.

7.1 Country Overview

The following table summarizes the status of PIEPSAP per country. By clicking the hyperlinks more detailed information can be obtained from SOPAC’s webpage. In line with PIEPSAP’s flexible “Menu of Options” approach the project has assisted the participating countries to develop a diverse portfolio of initiatives ranging from national energy policy frameworks and strategic planning to regulatory reforms, introduction of modern energy management systems and project development. A snapshot description of activities is provided in the country overview below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Land</th>
<th>Power Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>19,000</td>
<td>240 Km²</td>
<td>&gt;90 %</td>
</tr>
<tr>
<td>Fiji Islands</td>
<td>850,000</td>
<td>18,300 Km²</td>
<td>60 %</td>
</tr>
</tbody>
</table>

**Cook Islands**
Focus of co-operation on strategic planning, institutional strengthening and project development.

- Cook Island Energy Action Plan (CIEAP) developed in 2005 with emphasis on energy security, energy conservation and renewable energy development.
- PIEPSAP support for CIEAP includes feasibility study on biofuels and design of energy conservation program.
- Project development includes solar pumping for Mauke Island and a wind project for Rarotonga.
- Feasibility study for wind project Rarotonga undertaken presented and discussed in stakeholder workshop.
- Rarotonga Wind Project proposed to EU for funding under EDF 10 national program.
- Review of design document for Aitutaki power supply rehabilitation.
- On site wind measurements prepared in the framework of a UNDP TRAC funded project.

**Fiji Islands**
Multiple activities ranging from policy development and strategic planning to regulation and project development.

- Draft National Energy Policy produced and revised as a result of multiple stakeholder workshops and broad consultations.
- Support to consultations on energy policy within key public sector agencies.
- Co-operation with Asian Development Bank REEP established.
- Capacity building undertaken and SWOT workshop implemented for the Department of Energy.
- Review of regulatory framework for electricity sector performed. PIEPSAP analysis found weaknesses: IPP procurement, Tariffs, System Expansion Planning require strengthening of regulatory regime. Recommendations developed how to address weaknesses through short-term measures and medium term strategies.
- Development of a procurement guideline for IPP/PPP projects recommended.
- Assistance provided to local landowner company to develop IPP hydro project in the Namosi Highlands, and assessment of a hydro project site on a private estate in Vanua Levu.
- Support to Drawa village sustainable electrification in co-
Marshall Islands

Focus on development of National Rural Electrification Strategy using solar and coconut oil (CNO) based biofuel.

- Assistance in the development of national biomass masterplan (co-operation with World Bank) and co-operation with ADB/REEP in the field of developing a biofuel project for Rotuma including 2 months field-visit by PIEPSAP supported research assistant.
- Capacity building for energy planner performed through attachment at SOPAC secretariat.
- Review of Namdrik rural electrification project completed as part of outer island electricity strategy development.
- Final Draft Outer Island Electrification Strategy with focus on financial sustainability, technical and social feasibility and supply/demand match issued in May 06. Co-ordination with EU RAP 5 project established.
- Consumer info developed for Tobolar CNO fuel outlet.
- Technical backstopping and research assistance provided for RMI biofuel program (attachment of a research assistant).
- Participation of Marshall Islands’ representative in Kiribati biofuel workshop sponsored.
- Development of a bio-fuel project for Ebon Island co-operation with UNDP Fiji agreed to

Niue

Problem analysis performed, priorities for PIEPSAP co-operation defined in the area of National Energy Policy development and strategic action planning.

- Updated National Energy Policy Statement developed in a consultation workshop involving government and private sector stakeholders.
- Niue Energy Action Plan (NEAP) developed, focus on energy security, environment and development of indigenous energy resources.
- Solar electrification and pumping project developed as lead activity under NEAP.
- Follow up on solar project now under way.
- Support to planning of EDF 9 renewable energy project.

Papua New Guinea

Various consultations undertaken priorities for PIEPSAP co-operation defined in the area of National Energy Policy development and the Rural Electrification Policy.

- Assistance in developing policy frameworks for energy and rural electrification.
- Participation in policy development workshops of the National Task Force.
- Draft policy statement circulated amongst major stakeholders.
- Co-ordination of activities with World Bank.
- Support to two initiatives to develop proposals for submission under the EUEF (Rural electrification through mini hydropower) and institutional strengthening of energy administration.
<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Land (Km²)</th>
<th>Power Access</th>
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</thead>
<tbody>
<tr>
<td><strong>Solomon Islands</strong></td>
<td>460,000</td>
<td>28,450</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Federated States of Micronesia</strong></td>
<td>110,000</td>
<td>702</td>
<td>20%</td>
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<tr>
<td><strong>Kiribati</strong></td>
<td>85,000</td>
<td>811</td>
<td>20%</td>
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<tr>
<td><strong>Nauru</strong></td>
<td>10,000</td>
<td>28</td>
<td>20%</td>
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</table>

**Solomon Islands**

Priorities for PIEPSAP co-operation defined in the area of National Energy Policy development.

- Co-operation with World Bank initiated.
- PIEPSAP work plan endorsed by the Government of Solomon Islands.
- Assistance in the establishment of National Task Force consisting of Attorney General Chamber, Department of Environment, National Planning and Aid Coordinating Department, Finance and Treasury Department, Infrastructure Development Department and the Energy Division.
- National policy development workshops supported and draft set of policy statements on twelve strategic areas developed.
- Review of utility restructuring plan presented by World Bank reviewed upon request of SI Government. Review endorses concept of a competitively tendered management contract as a first step towards more fundamental reforms in SI utility industries.

**Federated States of Micronesia**

Consultations undertaken in all four states, problem analysis performed, priorities for PIEPSAP co-operation defined in the area of utility tariff policy (Pohnpei), rural electrification (Yap, Kosrae) and state energy policy (Chuuk).

- Co-financing of tariff study agreed upon for Pohnpei (US Department of Insular Affairs and Pohnpei Power Utility)
- Assistance in procurement of consultants through open tender, model tariff study.
- Tariff study incepted in March 2006
- Chuuk Energy Policy statement reviewed and PIEPSAP inputs provided.
- Assistance provided to planning of EDF 9 REP5 project and programming of EDF 10 (Participation in EU mission)
- Coming assistance agreed to concerning the development of a National Energy Policy with a guideline for renewable energy development

**Kiribati**

Consultations undertaken, problem analysis performed, priorities for PIEPSAP co-operation defined in the area of fuel supply and bio fuels.

- Co-operation with Pacific Island Forum Secretariat established in the field of energy security and petroleum supply management.
- Biofuel strategy paper developed in co-operation with Energy Office and Kiribati Copra Company
- Strategy presented and discussed at sub-regional workshop. Biofuel trials with CNO currently under way in Kiribati, technical backstopping provided by PIEPSAP’s research assistant.
- National Biofuel Workshop held in April 2006, national draft biofuel strategy developed and co-operation with neighboring Marshall Islands biofuel stakeholders established.

**Nauru**

Request for PIEPSAP assistance received from GoN, focus on energy policy development. Attachment for Energy Planner organised at SOPAC.

- Attachment cancelled twice by Nauru due to other commitments of official.
<table>
<thead>
<tr>
<th>Country</th>
<th>Power Access</th>
<th>Population</th>
<th>Land (Km²)</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Nauru</td>
<td>100%</td>
<td>20,000</td>
<td>458</td>
<td>Requested financing of salary for Energy Planner. Mission scheduled for second half of 2006.</td>
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<tr>
<td>Palau</td>
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<td>Consultation missions undertaken, problem analysis performed.</td>
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<td>Priorities for PIEPSAP co-operation defined in the area of energy conservation policies and strategies with emphasis on the development of sustainable institutional structures. Work plan for Palau Energy Conservation Strategy (PECS) developed.</td>
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<tr>
<td>Samoa</td>
<td>&gt;90%</td>
<td>180,000</td>
<td>2,934</td>
<td>Several consultation missions undertaken, priorities for PIEPSAP co-operation defined in the area of National Energy Policy development.</td>
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<td>Two policy and strategy development workshops held.</td>
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<td>Draft policy statements and strategies produced in September 2005.</td>
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<td>National task force currently reviews strategies, strategies to be refined by National Energy coordinator considering comments received.</td>
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<td>Formal submission to Cabinet planned as soon as new government is in place.</td>
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<td>Two community level public consultations, one in Savaii and one Apia with representatives from NGOs and private sector.</td>
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<td>GIS/MIS for power utility planned during joint mission in April 2006. GIS work started with focus on strategic asset and risk management.</td>
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<tr>
<td>Tonga</td>
<td>&gt;70%</td>
<td>100,000</td>
<td>748</td>
<td>Consultations undertaken, PIEPSAP work program endorsed by Government of Tonga.</td>
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<td>Draft Renewable Energy Policy Framework developed as a result of a multi stakeholder workshop.</td>
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<td>Draft circulated to various stakeholders in government, private sector and civil society groups.</td>
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<td>RE policy framework to be submitted to the Minister for Lands, Survey and Natural Resources, Hon Feilakepa.</td>
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<td>Policy statements and strategies refined after comments received from Task Force members.</td>
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<td>RE Policy now awaiting endorsement by cabinet.</td>
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<tr>
<td>Tuvalu</td>
<td>&gt;90%</td>
<td>10,000</td>
<td>26</td>
<td>Broad variety of projects successfully established including:</td>
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<td>Assistance in the establishment of A National Task Force made of representative from the private sector, public sector and civil society.</td>
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<td>Draft energy policy statement developed in multi-stakeholder workshop.</td>
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<td>Strategic Action plan prepared in March 2006 currently reviewed and refined by Tuvalu task force.</td>
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<td>Support to power utility (TEC) in the field of Management Information Systems/GIS appraised, co-financing and cooperation established with SOPAC EU project.</td>
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</tbody>
</table>
|         |              |            |            | Implementation of MIS/GIS project completed by March 2006 as multidisciplinary multi-stakeholder exercises both at SOPAC.
and at national level.

- MIS/GIS support until December 2006 (Upgrading of TEC equipment, expansion to seven outer islands, deepening analytical capabilities, broadening of application)
- Co-operation agreed upon in the area of reducing fossil fuel consumption of TEC (renewable energy resource assessment wind and biomass) and facilitation and locating renewable energy funding from EDF 10 and EUEF.
- Wind measuring equipment procured, installation scheduled for July/August 2006.
- Co-funding agreed with ADEME project Alofa Tuvalu in the area of energy conservation awareness building.

**Vanuatu**

Contact with energy authorities, national power utility UNELCO and private sector stakeholders established.

- Co-financing of and participation in biofuel workshop in Vanuatu.
- PIEPSAP assistance for rural energy initiative, biofuel activities and geothermal development currently appraised, official request for PIEPSAP assistance received March 2006.
- Consultation mission undertaken in May 2006.
- Focus of future activities on energy policy and the promotion of strategic partnerships with players from the private sector and donor community for improving the delivery of energy services.

### 7.2 Summary of Results achieved as per Outputs and Activities in Project Document

The following table contains a cumulative summary of project results against the outputs and activities listed in the PIEPSAP project document.

<table>
<thead>
<tr>
<th>Output 1.1: Agreement has been reached with partners on overall project activities for years 1-3, with detailed activities and priorities for the coming year</th>
<th>Activities</th>
<th>Results achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1 Detail the activities and implementation plan and ensure better focus, ownership and dialogue with the 14 target PICs and relevant regional organisations</td>
<td>Circulars issued, PIEPSAP Webpage operational, consultations held with UNDP Apia and UNDP Suva, ADB, EU, EUEI, NZ-Aid, PPA, SPC, EWG, GTZ Regional Forestry Project, World Bank and private sector companies. Work plan for full project life (3 years) developed</td>
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</tr>
<tr>
<td>1.1.2 Regional planning and consultative meeting held early in the first three months (i.e. quarter 1) of project</td>
<td>Meeting held with energy sector stakeholders from 13 countries, and representatives from Forum Secretariat, PPA, USP, SPREP and UNDP/UNESCAP. Mode of operation and project document discussed and endorsed. Project document accepted as implementation guideline until mid-term review</td>
<td></td>
</tr>
<tr>
<td>Output 1.2: Overview report produced on the status of PIC energy policies and plans</td>
<td>1.2.1 Assess status of energy policy and planning needs, opportunities and constraints in the region overall (through the project and other initiatives) including coverage of individual countries</td>
<td>PIREP country reports reviewed, dialogue with countries continued, problem analysis performed for all countries in which consultations were held, recent policy papers for Cook Is, Niue, PNG, Samoa, Tonga, Tuvalu and Solomon Islands reviewed.</td>
</tr>
<tr>
<td>Output 1.3: Agreement reached with individual PICs on national / in-country project activities for years 1-3, with detailed activities and priorities for the coming year</td>
<td>1.3.1 Initial national consultations completed for each PIC with aides-mémoire prepared (as required) on national mechanisms for implementation</td>
<td>Detailed in-country consultations held with Cook Islands, Fiji, FSM, Palau, Niue, Kiribati, PNG, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga and Tuvalu. National country teams and task forces are being assembled. Agreement reached with Cook Islands, Fiji, FSM, Kiribati, PNG, Marshall Is, Niue, Samoa, Tonga and Tuvalu for energy policy development and energy sector planning support. Work program under discussion for Palau. Additional requests received from SIEA Solomon Islands, EPC Samoa, TEC Tuvalu (MIS/GIS) and Cook Islands in the field of up-grading energy unit. Contact established with Nauru. Vanuatu officially requested assistance. Missions scheduled for 2nd and 3rd quarter 2006.</td>
</tr>
<tr>
<td>Output 1.4: Reports on status of national energy policies and plans in each PIC</td>
<td>1.4.1 National energy policies and plans reviewed</td>
<td>Overview on energy policy and plans available, further analysis and updating under way</td>
</tr>
<tr>
<td>1.4.2 Assist PICs to determine, and report on, national energy policy and planning needs and priorities from the project, opportunities, and constraints.</td>
<td>In-country consultations in 13 countries with a broad range of stakeholders from both public and private sectors resulted in the definition of energy policy and planning needs and priorities. Vanuatu and Nauru Consultations scheduled for 2nd quarter 2006.</td>
<td></td>
</tr>
<tr>
<td>Output 2.1</td>
<td>A flexible and practical guideline has been produced for developing PIC national energy policies</td>
<td>2.1.1 Provide assistance as required to the CROP EWG to review and update the policy section of the Pacific Islands Energy Policy &amp; Plan</td>
</tr>
<tr>
<td>Output 2.2</td>
<td>National energy policies have been developed and adopted at Cabinet level</td>
<td>2.2.1 Assist PICs to prepare overall national energy policies</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Assist PICs (if required) to obtain political endorsement of the policies</td>
<td>Minister, Governor and CEO level consultations on policy endorsement held in Cooks, Fiji, FSM, Niue, Palau, Marshall Is, Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu and PNG. Workshops supported and facilitated in 12 countries. National energy policy for Tuvalu endorsed by cabinet. Fiji national energy policy further promoted through consultations in March 2006.</td>
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</tbody>
</table>

**Outputs and Activities for Outcome 3: Plans**
Practical national strategic action plans to implement the policies have been adopted and integrated into the government budgetary process

<p>| Output 3.1 | Overview report on suitable approaches for PICs on practical and achievable energy planning | 3.1.1 Working with (or through) the CROP EWG, research and prepare report on approaches for practical &amp; achievable energy planning | PIEP revised and updated, now ready for endorsement by energy ministers. Further the PIEP associated action plan i.e. PIESAP has been updated through CROP EWG. Broad consultations held with all relevant stakeholders of CROP EWG, regular reporting of PIEPSAP progress to the EWG, exchange of information |</p>
<table>
<thead>
<tr>
<th>Output 3.2 Enhanced capacity among PICs for energy policy and planning formulation</th>
<th>3.2.1 Attachments of PIC nationals at SOPAC (or elsewhere in the region) for on-the-job training in formulation of energy policies and plans</th>
<th>Training attachment and networking for Marshall Is Energy Planner successfully implemented in March 2005. Development of ToR for rural electrification analysis developed for the Marshall Islands. SOPAC attachment planned for Nauru director of projects, unfortunately cancelled twice by GoN. Request to finance a energy planner for Nauru appraised in consultation with UNDP. Supervision and marking of research paper of Cook Island energy planner. TEC distribution engineer’s attachment to SOPAC in April in the field of MIS/GIS based energy planning. National biofuel workshop held in Kiribati in April 2006. Broad participation from public and NSA sectors. Biofuel research assistant seconded to Marshall Islands. Participation of RMI representative in Kiribati biofuel workshop sponsored.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 3.3: Practical strategic energy action plans</td>
<td>3.3.1 Help the PIC develop energy sector action plans energy chapters of national development strategies, or other practical and achievable plans, with clear priorities, as appropriate to the national planning system</td>
<td>Review of strategic energy plan for Cook Islands completed. Outer Island Electrification Strategy for Marshall Is completed in June 2006. The work plan for the Tonga renewable energy policy framework has been developed and is currently being reviewed by the national Task Force members. Tonga energy office advised on issues related to procurement of IPP wind project. Kiribati biofuel strategy developed, further assistance in data collection and processing provided by PIEPSAP research assistant.</td>
</tr>
<tr>
<td></td>
<td>3.3.2 Assist the PICs integrate the energy plans into the government budgetary process</td>
<td>Under consideration for Cook Islands, Solomon Islands, PNG, Fiji and Marshall Islands. Budgetary work constraint as considered as sovereign issue.</td>
</tr>
</tbody>
</table>
| **Output 3.4: Appropriate institutional arrangements for effective energy planning & implementation** | **3.4.1 Assist PICs to develop more appropriate institutional forms within the public service with clear policy & planning powers and responsibilities for the office responsible for energy matters** | Review of regulatory framework of Fiji’s electricity sector performed and discussed with the Fiji energy policy task force and utility and recommendations developed to strengthen regulatory framework for Fiji power industry.  
Energy portfolio of Cook Island energy division revised. Contribution by PIEPSAP to upgrade institutional capacities currently assessed.  
Full-scale review of legislative and institutional framework for Solomon Islands started in May 2006. Initial recommendations tabled for consideration by government. |
|---|---|---|
| **3.4.2 In-country workshops with government stakeholders on need for effective energy offices** | Two workshops held on regulatory framework for electricity in Fiji. Two workshops on energy policy development.  
End of mission workshop (rural electrification review) held in Marshall Islands.  
Two workshops held in Tuvalu on national energy policy development, one on GIS/MIS application (March 2006)  
Workshop held in Tonga on renewable energy policy development.  
Two workshops for the development of the national energy policy framework held in Samoa.  
Regional workshop on biofuel strategies held in Vanuatu  
Two national energy policy development workshops successfully held in Niue and Cook Islands. |
<table>
<thead>
<tr>
<th>Output 4.1 Reports in the form of case studies, guidelines and model agreements on practical mechanisms to implement PIC energy policies and plans</th>
<th>4.1.1 Prepare case studies on approaches which have been tried in other PICs and other small states indicating advantages &amp; disadvantages of mechanisms for effective control of petroleum storage, managing fuel use in ground transport, maintaining fuel quality to remote areas, establishing fuel price control systems which do not disadvantage poor and remote people, pro-poor lifeline tariffs, etc.</th>
<th>Model tariff study including lifeline mechanisms under way with PUC of Pohnpei, Co-financing arrangements with USA in place for tariff study. Lifeline tariff implications and modalities included. In a co-financing arrangement with USP and the SOPAC biofuel project PIEPSAP supports a research project on biofuel production in Fiji. Preparation of case study on rural biofuel use under way with support from MSc student from TU Aachen, Germany.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.2 Guidelines and model agreements (for example) for calculating current subsidies (explicit and hidden) for energy services, independent power production etc</td>
<td>Cross subsidies for domestic power consumers discussed with TAU in Cook Islands ToR for model tariff study in Pohnpei jointly developed with power utility. Interim report tabled with recommendations on fuel adjustment.</td>
<td></td>
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<tr>
<td>Output 4.3 Country specific case studies, guidelines and model agreements on practical mechanisms to implement PIC energy policies and plans</td>
<td>4.2.2 Model regulations suitable for PICs (for example) to regulate commercialised or privatised power utilities in the public interest, standards for energy efficiency, etc.</td>
<td>Review of regulatory framework of Fiji’s electricity sector performed and discussed with Fiji energy policy task force and utility and recommendations developed to strengthen regulatory framework for Fiji power industry. Critical issues included regulation of tariffs, strategic planning and IPP procurement. Short and medium term measures developed to strengthen power sector regulation in Fiji. Restructuring and regulatory regime proposed by World Bank for Solomon Island power utility reviewed. Consultation on regional regulatory assistance ongoing with ADB and World Bank.</td>
</tr>
<tr>
<td>4.2.3 Model economic and fiscal incentives and taxes for government bodies, statutory organisations, businesses or individuals incurring expenses for improved energy services to remote areas, renewable energy systems, energy efficiency, etc.</td>
<td>RESCO Charter for Fiji reviewed. Review of the regulatory functions of the Fiji Electricity Authority (FEA) covered efficiency gains through improved accounting of its social obligations (rural electrification) and tax obligations.</td>
<td></td>
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<tr>
<td>4.2.4 Where appropriate and required, assist the PICs to adopt the mechanisms which have been developed</td>
<td>Continuous support to Fiji Ministry of Public sector reform on implementation of regulatory reforms in the power sector.</td>
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<tr>
<td>4.3.1 Assist PICs prepare case studies as in 4.1.1 for practical application at the national level.</td>
<td>Regulatory review performed for electricity sector in Fiji. Practical recommendations for improvement of regulatory framework developed and discussed with key stakeholders. Assistance to GTZ/SPC forestry project in the development of a sustainable energy supply for Drawa village, Vanua Levu, Fiji. Case study on biofuel production and use on Rotuma Island, Fiji started in May 2006.</td>
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<tr>
<td>4.3.2 Assist PICs prepare guidelines and model agreements as in 4.1.2 for practical application at the national level.</td>
<td>Procurement guideline for IPP under discussion in Fiji, model arrangement for rural electrification projects under development for Marshall Islands. Model procurement guideline under preparation for IPP projects. Model power purchase agreement under development for possible wind energy IPP in Cook Islands.</td>
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<tr>
<td>Outputs and activities for Outcome 5: Visibility and Understanding</td>
<td>Increased visibility and understanding of key energy issues at regional and national levels</td>
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<td><strong>Output 5.1: A good understanding by regional organisations of the EWG, PICs and other relevant parties of the range of regional and national energy sector initiatives underway and planned, and opportunities / synergies arising from these initiatives</strong></td>
<td>5.1.1 Review mandate/TOR, functions, membership and effectiveness of the CROP EWG as per the directive from the CROP (year 2003) in consultation with the current EWG members including the preparation of a report and recommendations for submission to the CROP in 2004.</td>
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<td>Initiated discussion with members of the CROP-EWG for the purpose of gaining insights into the EWG’s roles and how effective it has been over the years. In our discussion with the Chair of the EWG it has been revealed that members unanimously agreed that the EWG is performing an important role in the coordination of regional energy programmes. This led to a revised version being developed and subsequently endorsed by the Heads of CROP in their meeting in late 2004. The concept of having an independent review of the CROP EWG as highlighted in the PIEPSAP document may need to be reconsidered in light of the recent review and that the Heads of CROP had given its endorsement of the revised version.</td>
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<td>5.1.2 Provide input such as technical assistance in the areas of energy policies and strategic action planning and support to a Regional Energy Meeting (REM) of energy sector and planning / finance officials in year 2004 to the extent that it is needed, justified and practical</td>
<td>REM and PIEPSAP consultations held in Nov/Dec 2004. Results documented and discussed at EWG level.</td>
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<td>Output 5.2: Information on energy policy and planning, and effective mechanisms to implement policies and plans widely disseminated within PICs.</td>
<td>5.2.1 Design and implement a regional energy website with all key reports of PIEPSAP, SOPAC energy sector databases and links to other related sites of SPREP, SPC and possibly others</td>
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<td>PIEPSAP website up and running, all reports available to public. Links to other relevant sites established.</td>
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**PIEPSAP**
PACIFIC ISLANDS ENERGY POLICY AND STRATEGIC ACTION PLANNING
5.3.1 In country workshops, seminars, media messages (radio, newspaper), etc

Several radio shows, publications, newsletter articles, environmental show Radio Kiribati on biofuels prepared.

Biofuel workshop held in Vanuatu. The National Tonga TV broadcast the significance of having a renewable energy policy framework during the consultation workshop held in early May.

Gender awareness publications developed, produced and distributed in co-operation with Pacific Gender Network PEG.

Support and financial assistance to the Regional Earth Day 2006 in developing posters.

Joint project on energy conservation awareness with AMDEME financed Alofa Tuvalu Project.


Printed version distributed across PIC.

National biofuel workshop held in Kiribati in April 2006.

5.3.2 In-country briefings of decision-makers

Briefings held in all countries where national consultations have taken place

Briefing workshop for key civil servants on energy policy in Fiji in June 2006

### Outputs and Activities for Outcome 6: Investments and Partnerships

**Outputs and Activities for Outcome 6: Investments and Partnerships**

Opportunities for reliable, affordable and environmentally sound energy sector investments, partnerships and other follow-up within the PICs have been identified.

**Output 6.1: A study of appropriate funding and organisational mechanisms for regional follow-up to PIEPSAP, possibly including development of a concept proposal for a regional project to build upon PIEPSAP and related initiatives such as REEP and the PPA EUEI project**

Close co-ordination with EDF 9 REP 5 project, with EUEI and Energy Facility, ADB, World Bank.

Preparatory work for EDF 9 renewable energy project included in PIEPSAP work program for Niue and Marshall Is.

Participation in EDF 10 programming missions for Palau, FSM and RMI in May 2006.
### Output 6.2: A report indicating the types of specific projects within the PICs which may be suitable for immediate follow-up through private or other investment

Contacts established to private investors and private sector participation encouraged in national task force teams.

Private sector mini hydro project in Vanua Levu reviewed.

### Output 6.3: Projects identified within the PICs for follow-up investment

6.3.1 Provide advisory services which develop, adapt, extend or follow-up from REEP, PIREP and other initiatives for assisting PICs in identifying and developing follow-up projects and possibly through a Phase II of PIEPSAP

Discussion held with UNDP consultant on the potential for partnership on the proposed GEF funded regional renewable energy project PIGGAREP.

Co-financing of PIGGAREP agreed.

Draft ToR for PIEPSAP mid-term review prepared in collaboration with UNDP Samoa.

Two project proposals developed for consideration under the REP-PoR project managed by UNDP Regional Center in Bangkok.

REEP project “Biofuel Rotuma” taken over by PIEPSAP upon request of GoF and endorsement by ADB.

Phase II funding for PIEPSAP discussed with EU (as EUEF project or regional EDF 10)

6.3.2 Assist PICs prepare investment plans for opportunities identified through 6.3.1 above

Co-operation with UNDP Suva and UNDESA/ SIDS in the development of a bio fuel strategy and investment program in Fiji.

Contacts established with EU/EIB ADB and World Bank. Concept proposal prepared for regional project promoting PPP under the EUEI.

Assistance offered to all Pacific ACP in developing competitive proposals under the EU Energy Facility. Requests received from PNG, Fiji, Marshall Islands and Tuvalu.

### 8. Challenges/Issues Encountered

Critical issues described in previous reports remain challenges for the project. Government energy administrations (energy offices and energy departments) continue to be inadequately resourced and without power to influence government policies. Except for the energy policy jointly developed for Tuvalu, none of the policies and strategic action plans has been endorsed at higher level (cabinet, parliament or similar). This seems to reflect a comparatively low standing of the energy administrations and/or unwillingness of energy officials to push for government decisions. Energy offices have not been established under legislation that would underpin a clear legal mandate. In most PIC energy offices deal mainly with the administration of bi-lateral or regional projects and have very little or no influence on national energy policies.
PIEPSAP and others have advocated many times to establish energy offices under statutory or other legal mandates but it appears that governments are unwilling to do so. In most countries energy policy decisions such as energy pricing, petroleum procurement, power system expansion planning and allocation of internal or donor budgets are still undertaken by other entities and often energy offices are not even consulted.

9. Solutions Applied (to address issues and challenges)
PIEPSAP has pragmatically shifted its focus towards co-operation with energy sector stakeholders where joint planning and policy endeavours are more likely to produce tangible results. Partners outside the energy administrations include power utilities, ministries with allocative mandates and decision-making powers (such as finance), local administrations and the private sector. Also, PIEPSAP tries to give interventions more weight through co-operation with agencies that have access to decision makers and traditionally influence policy making in PIC (ADB, World Bank, EU).

10. Recommendations for Future Action
It is recommended to focus the PIEPSAP mid term review on institutional issues or more precisely on the possibilities to reduce co-operation with entities that have no legal or statutory mandates for energy policy and energy planning. As an alternative, projects such as PIEPSAP would focus on co-operation with entities that are able to make or at least participate in policy decisions. This would require a rethinking of the policy of regional organisations such as SOPAC that still consider the energy offices as their primary partners and consequently allocate substantial resources to co-operative efforts that may not produce tangible results.

11. Report Prepared By:
Gerhard Zieroth, Project Manager