NAURU ENERGY POLICY CONSULTATION - BACK TO OFFICE REPORT

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~ 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
Nauru Energy Policy Framework - Consultation

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Introduction

The Government of Nauru (GoV) requested the Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC) through its Pacific Islands Energy Policy and Strategic Planning (PIEPSAP) project to provide assistance in the development of a National Energy Policy Framework (NEPF) for Nauru. The NEPF will be the blueprint that provides direction to Government in the development of its energy sector. A Terms of Reference (ToR) for PIEPSAP technical assistance has been developed and this will guide the activities pertaining to the development of the NEPF.

Consultations

PIEPSAP in consultation with the Aid Management Unit (AMU) and the Department of Environment (DoE) in the Ministry of Commerce, Industry and Resource (MCIR) planned and scheduled a mission to Nauru to carry out consultations with stakeholders on the energy policy framework. The mission was carried out between 12 to 14 June, 2007. The mission is inline with the schedule in the ToR. The main purpose of the mission was to brief stakeholders on government's initiative to develop a National NEPF for Nauru and at the same time gather issues raised by the different stakeholders for consideration in the NEPF.

Consultations were held with government officials representing the key Government agencies responsible for policy development, finances, environment and energy planning. These consultations were held on a one-on-one basis with the view to better understand how the different programmes implemented by the different agencies could influence the energy policy framework and vice versa. It was noted that a number of energy related programmes were being planned and officials highlighted that it would be useful when developing the NEPF to be mindful of these programmes. Two of which are:

(a) EU REP5 which is targeting energy efficiency and conservation measures and the use of renewable energies, especially solar; and

(b) ADB/AusAID funded programme “Nauru’s Utilities Sector – A strategy for Reform” that focuses on improving and strengthening the service deliveries in the power sector, water and imported fuels. The exercise will also look at building the appropriate institutional and legal framework to ensure the effective delivery of the functional roles of the entity entrusted with the responsibilities.

In addition to the above there are other sector programmes within the National Sustainable Development Strategy (NSDS) that will require an energy input. There was a consensus that the NEPF should help in strengthening and facilitating sector programmes.
The one-on-one consultations with government officials were wrapped up with a combined workshop on Wednesday 13 June. The purpose of the workshop was to deliberate on the issues raised during the consultations and identify areas that are critical to be addressed in the NEPF. During the workshop, participants had the opportunity to look at issues raised in a draft NEPF that was developed by the Nauru Permanent Mission to the United Nations in New York. While the draft policy has been circulated, its circulation has been restricted mostly to government officials. The draft policy has restricted its focus on energy efficiency and conservation and the promotion of renewable energy. Participants agreed that the NEPF should be broad enough to cover all aspects of the energy sector and as a result the following areas were identified as strategic to Nauru:

1. Power;
2. Petroleum;
3. Renewable;
4. Consumers;
5. Finance;
6. Institutional Capacity; and

The participants also took the opportunity to revisit the goals and strategies of the National Sustainable Development Strategy (NSDS – 2005 to 2025). The NSDS has clearly highlighted the importance of developing the energy infrastructure as critical to promoting socio-economic development in Nauru.

A second workshop was organized on Thursday 14 June for major stakeholders, including the private sector and non-governmental organizations. As for the government officials, the purpose was to brief stakeholders of Government’s intention to put in place a NEPF and at the same time elicit their views on the subject. In their deliberation the major stakeholders highlighted a number of issues that they felt are vital to the NEPF and these include:

1. The NEPF should facilitate the provision of affordable energy services;
2. The need for a reliable 24/7 power supply;
3. Electricity is too expensive;
4. The power lines network needs immediate maintenance and upgrading;
5. The need for a national electrical wiring standard;
6. The heavy reliance of Nauru on imported petroleum fuels; Australia and Japan’s continued assistance in this area is required;
7. The importance of energy efficiency and energy conservation; government assistance in providing incentives for the use of efficient appliances and equipment is crucial;
8. The promotion of renewable energy, especially, solar and wind energy;
9. Appropriate technologies only should be promoted;
10. The need to adopt a national building design standard to make use of the natural ventilation; and
11. The involvement of NGOs such as the Nauru Association of Non-governmental Organisations in the public awareness campaign on energy policy issues.

The major stakeholders reached a consensus that the above issues could easily be incorporated into the strategic areas identified during the official workshop.

The PIEPSAP Energy Adviser together with advisers from the Ministry of Finance and Aid Management Unit briefed the Minister of Finance on the work being carried out on the NEPF and the process involved in the development of the NEPF. The Minister expressed his hope that the policy would help improve the provision of reliable and affordable energy services to all the people in Nauru and would also play an effective role in the improvement of the economic situation in Nauru. He would be reporting to Cabinet on the work being carried out on the NEPF.

**PIEPSAP Team**

A PIEPSAP Team comprising of key specialists has been established. The Team will be responsible for all preparatory work related to the formulation of the NEPF. The responsibilities include but not limited to the following:

- Collecting of energy related information;
- Collecting of economic data;
- Analyzing the information collected for the purpose of developing appropriate policy statements;
- Verifying information and data;
- Developing economic and financial models for electricity tariffs and energy efficiency programmes;
- Designing and dissemination of information for purpose of public awareness;
- Drafting of the NEPF; and
- Ensure that the NEPF is consistent and not contradicting any existing Nauru laws and regulations.

The specialists include:

i. Legal Adviser – Mr. Fred Amoa, Secretary for Justice
ii. Economist - Ms Carla Adami, Budget Adviser, Ministry of Finance
iii. Environmentalist – Mr. Tyrone Deiye, Environmental Officer

In addition to the above, the following key personnel have been co-opted into the Team as advisers:

i. Secretary for the Development Policy and Planning Division;
ii. Director Sector Planning;
iii. Director of Multilateral Aid; and
iv. Utilities Superintendent.
General Observations

1. Nauru is facing considerable economic difficulties. The economy is supported by aid donors. What used to be a thriving phosphate mining (the main economic lifeline) is now reduced to a scale that hardly supports its own operation. An Australian Company is carrying out secondary mining on a small scale. The mining infrastructure is in a dilapidated state – from the processing plant and the storage facilities to the loading cantilevers – all would require a considerable amount of money to refurbish them and get them back to operational status.

2. As a result of Government reform strategy to revive the Nauru economy, the responsibility of supplying power has been mandated to a newly established entity, “Utilities.” The Utilities is also responsible for the importation of petroleum fuels. However, determining the price of petroleum fuels is the responsibility of the Ministry of Finance.

3. Nauru is still experiencing power supply problems. Power shedding on a six-hour basis is being put in place. There is an urgent need to improve the power supply in Nauru. The provision of reliable and affordable electricity to all is crucial for sustaining economic development and raising the standard of living of Nauruans. Several development initiatives, including, that of the NSDS, regional and international initiatives in Nauru are likely to be affected in the absence of a reliable and affordable electricity service.

4. It is noted that the Australian Government, ADB, the European Union and other donors are providing assistance to the Government of Nauru in the development of its energy sector.

Conclusion

The development of a NEPF for Nauru could not have come at a better time. With its economy in tatters, it is important that appropriate policy instruments are put in place to facilitate the achievement of programme initiatives put up by development partners to prop the ailing economy. The NEPF is therefore seen as an important policy instrument that will contribute to improving the economic situation in Nauru. It follows that the NEPF should as a matter of urgency target to address the pressing issues of electricity supply, imported petroleum fuels, energy efficiency and conservation and the promotion of renewable energy sources to lessen Nauru’s dependence on the costly imported petroleum fuels.
I would like to thank the staff of the Ministry of Finance and the Ministry of Commerce, Industry and Resource who in spite of their busy schedule endeavoured to be involved in the consultations and more so organizing consultations with key stakeholders both within Government and the private sector and civil society groups. Finally, my appreciation goes to Principal Immigration Officer, Earnest for his assistance in facilitating my entry to Nauru. My trip to Nauru would have ended in Brisbane (transit port) without the intervention of Earnest.