ASSISTANCE TO THE COOK ISLANDS GOVERNMENT IN THE REVIEW OF THE NATIONAL ENERGY POLICY AND TECHNICAL ASSISTANCE TO THE ENERGY DIVISION WORK PLAN PROPOSAL

Gerhard Zieroth
Project Manager

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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
Cook Islands

Assistance to Cook Island Government in the Review of the National Energy Policy and Technical Assistance to Energy Division

Work Plan Proposal

May 2005
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Document Purpose

This document contains Terms of Reference for technical assistance provided by PIEPSAP to the Government of The Cook Islands review of the National Energy Policy and Strategy.

Description
Technical Proposal, Terms of Reference

Originator
Author: Gerhard Zieroth

Checked
Reviewer: Yogita Chandra

Approved
Name: Gerhard Zieroth
Position: Project Manager
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Acronyms

ADB  Asian Development Bank
BOO  Build-Own-Operate
BOOT Build-Own-Operate-Transfer
BOT Build-Operate-Transfer
CI Cook Islands
CNO Coconut Oil
ECA Export Credit Agency
ED Energy Division
EDF European Development Fund
EIA Environmental Impact Assessment
EP Energy Planner
EPC Engineering, procurement and construction
ED Energy Division
EO Energy Officer
EU European Union
EUEI European Union Energy Initiative
GoCI Government of CI
IPP Independent Power Producer
MFA Ministry of Foreign Affairs
MOU Memoranda of Understanding
MPW Ministry of Public Works
NEP National Energy Policy
OIEP Outer Island Energy Policy
PPA Power Purchase Agreement
PPI Private Provision of Infrastructure
PPIAF Public-Private Infrastructure Advisory Facility
QA Quality Assurance
REE Rural Electricity Enterprise
REF Rural Electrification Fund
RESKO Rural Electrification Service Company
RFP Request for Proposals
RFQ Request for Qualifications
SPP Small Power Producer
SPPA Standardized PPA for small power projects
TA Technical Assistance
TAU Rarotonga Power Company
TOR Terms of Reference
NZ$ New Zealand Dollars
WB World Bank
1.0 Introduction

1.1 Background

As a country with a small land area made up of less than 20,000 inhabitants and a total land area of 240 km$^2$ the Cook Islands (CI) have limited indigenous energy resources and, like PIC are dependent on imported petroleum fuels in the energy sector. In recognising the critical role that energy plays in the CI economy, the government drafted a National Energy Policy (NEP) that received Cabinet endorsement in 2003.

The NEP rests within the general development strategies of the Government and aims to “to facilitate reliable, safe, environmentally acceptable, and cost-effective sustainable energy services ….” The NEP includes a strategic plan with activities, lead agencies, indicators of success, assumptions and risks, and time frames.

The NEP for Cook Islands is one of the instruments that is put in place to assist the government to achieve the above development goals. The National Energy Policy consists of six core areas and these are:

- National Coordination and Planning,
- Renewable Energy/Rural Electrification,
- Power,
- Petroleum,
- Energy Efficiency and Conservation and
- Transport.

Although endorsed at the highest level, the policy document never triggered any chance in the institutional set up nor was it followed up by a strategic action plan, let alone by implementation.

1.2 Request for PIEPSAP Support

Against the background described in 1.1, it was agreed with the Director of Energy at the 2004 Regional Energy Meeting in Madang that PIEPSAP would support further energy policy development work in CI. A field
mission was planned for March 2005 during which the details of PIEPSAP support were to be discussed.

1.3 Objectives

The objectives of the requested PIEPSAP support are:

(i) Capacity Building for the Energy Planner through a support for a research project in conjunction with a training attachment at SOPAC to gain an enhanced understanding of energy planning issues and to develop a network of international and regional contacts;

(ii) Reviewing the of the energy policy and development of an up-dated energy policy statement including institutional arrangements for policy implementation;

(iii) Definition of a strategy for cost effective, sustainable development of the countries energy sector including project development and a funding plan to underpin a revised energy policy;

(iv) Advise to high level GoCI decision makers on energy policy issues and advocacy for adequate institutional set up;

(v) Immediate support in planning and implementation of the rehabilitation of Pukapuka’s energy infrastructure that was destroyed by cyclone Olaf in February 2005.

1.4 Scope of Work

The scope of proposed PIEPSAP’s services is stated in this document. It will be finalised after consultations with ED and serve as TOR for PIEPSAP’s intervention.

- Section 2 comments on the request for PIEPSAP assistance and includes inputs to be provided by the client government (GoCI).
- Section 3 describes our methodology and work plan in detail and outlines approaches to be taken in undertaking the policy framework.
- Section 4 gives estimates of total staff input for professional and support staff together and allocates tasks and time to the individual members of the team with supporting bar charts and diagrams that show proposed assignment times and reporting dates.
- Section 5 describes the proposed methodology, staffing and monitoring of training.
2.0 Comments on Request for Support

2.1 General Comments

In general, we find the request for PIEPSAP support to be clear, concise and appropriate to the stated objectives of the assignment. They follow a logical progression in requiring the PIEPSAP team to:

- Assist the Government of the Cook Islands (GoCI) to build an operational Energy Planning Division through capacity building, training and data management;
- Develop an updated National Energy Policy (NEP) together with a Strategy and Implementation Plan based on lessons learnt in ongoing projects and with a focus on poverty alleviation;
- Support the Energy Division in pursuing a restructuring of energy sector management through the provision of advisory service to senior GoCI decision makers and through facilitation of a consultation process;
- Assist in planning the rehabilitation of the Pukapuka power supply.

We suggest to initially grouping the tasks into three main issues i.e. emergency assistance for Pukapuka, capacity building ED and National Energy Policy update including institutional strengthening for Energy Division. This will allow us to focus initially on the issues that seem to be most pressing for ED and GoCI. The initial focus will not preclude the execution of other joint activities at a later stage. We confirm that our proposal complies fully with the request for PIEPSAP assistance.

2.2 Team Composition

We are conscious of the need to attune the team or task force to the specific problems that need to be addressed in the policy and strategy development exercise and, more particularly, to the specific situation in the Cook Islands.

We propose to initially work with a team consisting of:

- M. Nooroa (Director of Energy)
- T. Tereapii (Energy Planner)
- G. Zieroth (PIEPSAP Manager)
- Y. Bhikabhai (Project Officer PIEPSAP)
- Representative Ministry of Finance
- Representative TAU
- Consultant(s) as required
The final team composition required to perform the tasks set out in this document will have to be discussed with GoCI. These issues include:

- Roles and responsibilities of the team members
- Staff requirements to match the tasks laid out
- Responsibility for recruiting/appointing team members
- Division of labor and responsibilities between ED and PIEPSAP
- Reporting lines and overall management

### 2.3 Data, Services, Deliverables and Facilities

We note the provisions and requirements of the assignment make the following comments and qualifications that apply to our proposal:

- We assume that the GoCI and the TAU provides the project team with all relevant data, information, reports and texts that are related to energy sector development. In particular, the latest petroleum product supply study (A. Bartmanovich) would be required. Confidential material will be kept confidential by PIEPSAP.
- We assume that GoCI officers will be made available for the joint activities without charge to SOPAC/PIEPSAP.
- Seminars and Workshops: All local costs of seminars, workshops and working sessions (other than the PIEPSAP’s time and deliverables specified in this document) will be met by GoCI.
- We have assumed that ED will send out all invitations to participants and that we would receive assistance in organizing other aspects of the events.
- We expect that, upon confirmation from the GoCI, deliverables developed under the project will be available to other governments in the region as examples for rural electrification strategy development.
- It is essential to the success of the project that the team works closely together to ensure effective knowledge transfer and exchange of information. For this reason we have assumed that members of the project team (PIEPSAP staff, Director, EP and task force members) will agree to gather for dedicated work sessions as required and that GoCI will provide office facilities during work periods in CI.
3.0 General Approach and Methodology

3.1 Background and Setting

The National Energy Policy 2003 has been compiled through consultation with Government ministries, departments and other relevant organisations. SOPAC. Although it was anticipated that the National Energy Policy 2003 will stand as the adopted energy policy for years to come, it was also to assumed that the policy will be subject to review and the re-prioritisation of the policy objectives from time to time so as to reflect the Government's priorities.

The National Energy Policy (NEP) endorsed by Cabinet in 2003 provides an excellent basis for further development in line with the anticipated need for review and re-prioritising. The following goals of the current policy are still valid:

- Efficient and well-coordinated planning and management activities to achieve sustainable supply and use of energy;
- Safe, efficient, reliable, affordable and accessible electricity in both the urban and rural parts of the Cook Islands
- Increase the utilisation of renewable energy technologies in the Cook Islands energy supply
- Safe, reliable and affordable supplies of petroleum products for both the urban and rural sectors
- Efficient, environmentally clean, and cost-effective transportation
- Environmentally sustainable development and management of energy sources

The Cook Islands Budget Policy Statement for Financial Year 2002/2003 stated that the philosophy of governance is founded on the principle encapsulated in the words:

“Working Together With the People in Building a Better Nation”.

The objectives above and the principle provide still a good foundation on which the an updated NEP and its Strategic Framework could rest. The question arises why so little has been done with respect to implementing the policy.
3.2 Problem Analysis

The National Energy Policy framework together with Strategies had no impact in the real world because relevant stakeholders did not commit to it and let their actions be guided by the policy. Obviously, this lack of commitment is the main constraints that hindered an efficient and rapid implementation of energy sector projects and activities. In more detail we currently see the following problems in the CI energy sector:

- Although the NEP and its Strategic Plan are quite comprehensive, the endorsement of the policy was never accompanied with the establishment of effective institutional structures, energy sector management remains fragmented;
- The Energy Division’s budget only allows to operate the office, there is no budget allocation for anything else;
- The Energy Division reports to two ministers an arrangement that is not conducive to effective energy sector management; decisions regarding energy use are often made at high level without consultation with officials responsible for energy matters;
- Although a national energy policy is in place in CI a long term investment program is not in place and funding of the ED and projects remains inadequate (ED receives budget allocations that only cover the minimum of operational expenses);
- ED lacks internal capacity and is unable to internally perform complex tasks such as the preparation of planning documents and documentation needed for accessing international finance, management of solicitation processes and regulation of public or private sector activities;
- Donors seem to drive energy sector projects;
- There is no consistent regulatory framework for power sector operations, investments and tariffs;
- Although consolidation or re-integration of the outer island power supply operations are under discussions there is no comprehensive plan for this restructuring;
- Oil suppliers are self regulating in terms of technical standards;
- There are no design guidelines or procedures how to assess electricity demand and the ability or willingness to pay for electricity in outer islands,
- Legislation might be needed to provide the legal basis for the re-integration of the outer island power supplies
- The solar systems on Pukapuka have been damaged in the last cyclone season.
We are aware that progress has already been made in developing and endorsing a national energy sector policy and we appreciate the value of efforts that have been undertaken to electrify outer islands using either conventional or renewable energy technology. We will build on this work and thoroughly analyse experiences made.

Project funding is an important factor in designing an implementation framework for the energy sector. While different funding agencies and donors have their own rules and preferences, the existence of a clear strategy is normally accepted as a binding guideline for project development. PIEPSAP will assist the GoCI in locating funding for energy sector investments from both public and private sources.

### 3.3 Overview of Methodology

The tasks follow a logical progression in meeting the stated objectives of the assignment. An analysis of the results achieved against the planning parameters of the 2003 NEP and Strategic framework is performed. The institutional arrangements for energy sector regulation and management will be analyzed in detail and shortcomings identified. The evaluation of experiences will lead to an up-dated NEP and strategy to be drawn up in a consultative process with all key stakeholders. Then we will develop recommendations on how to enhance the institutional arrangements and draft implementation and work plans together with technical guidelines, and implementation procedures to facilitate implementation of energy sector projects in accordance with the NEP, the Strategy Framework and current legislation. In parallel potential sources of finance for energy projects will be explored and documented.

The nature of the services, namely the formulation of a funding strategy, procedures, guidelines and project documentation, demands a close relationship and constant consultation within the team/task force. The deliverables will be ignored if they do not closely reflect the intent of GoCI and other key stakeholders.

### 3.4 Stakeholder Consultation

If a NEP is to be effective, it must reflect of the perspectives of government, the general civil society, utilities, private sector investors, donors and other stakeholders. It must be designed to overcome their
concerns with the performance of ongoing projects such as Mangaia and meet expectations with respect to new projects. Various ministries and agencies and private sector parties are involved with or have an interest in energy projects in CI. Upon mobilization, we would seek to consult with them to ensure an accurate understanding of their priorities, concerns and preferences. Among those with a particular contribution to make to this assignment are:

- Minister of Energy, Deputy Prime Ministers Office
- Ministry of Public Works (MPW)
- Ministry for Island Administration;
- Ministry of Internal Affairs (MIA) as a regulator of petroleum prices
- Ministry of Finance and Economic Management as the source of internal funding an interface between GoCI and donors;
- Outer Island Councils in their capacity as operators of power supply systems
- Power Company (TAU) as a state-owned enterprise that is responsible for electric power generation and distribution on Rarotonga;
- Private sector companies

As appropriate, and as time and circumstance permit, we would also appreciate the opportunity to discuss the assignment with other parties including:

- Representatives of NZ Aid as major bilateral donor
- NGOs and civil society representatives
- Regional organizations with energy sector interests (PIFS, SPREP)
- Multilateral agencies (e.g. EU/EDF, ADB, UNDP/GEF)
4.0 Execution of Tasks

4.1 Capacity Building Energy Division

A customized approach will be taken to enhance ED’s energy sector management capacity. Initially the focus will be to assist the Energy Planner to effectively manage energy sector projects by supporting a case study on the Mangaia wind and the Pukapuka solar projects in the framework of his USP study work. In line with ED’s request we will organize implement and finance a training attachment at SOPAC in an early stage of the co-operation. A first attachment will take place after the Energy Planner has performed field surveys in focus on the following:

- Monitoring and evaluation of RE projects
- Data collection and management
- Demand assessments and socio-economic surveys
- Technical and economic characteristics of technologies suitable for Cook Islands rural electrification
- Economic and financial analysis of rural electrification projects
- Potential sources of finance
- Preparation of tender documents, procurement issues.

We will also assist the EP to enhance her professional network in the region and arrange visits and meetings with key stakeholder agencies located in Suva such as:

- Delegation of the European Union for the Pacific
- Regional ADB Office
- UNDP Suva as lead office for RMI OP 6/GEF initiative
- Forum Secretariat as Regional Authorising Officer of upcoming EDF 9 rural electrification projects
- SOPAC and SPC
- Pacific Power Association
- University of the South Pacific
- Private sector, consulting companies etc

All members of the PIEPSAP team as well as other SOPAC staff\(^1\) will be involved in the training attachment. Close co-ordination will be ensured

\(^1\) Energy section staff, IT staff and resource economist
with the USP supervisor of the EP’s specific assignment (Evaluation of two renewable electrification projects in CI).

PIEPSAP also proposes a longer-term “backstopping service” for the ED. Within the framework of such a backstopping facility the PIEPSAP team and other SOPAC energy staff would assist the ED in addressing specific problems that occur in work related to energy policy and planning, project appraisal, data collection, technology assessment, financing etc. Most of the services would consist of responding to e-mail requests with the submission of information, documents or statements by e-mail or telephone communication. If justified by special circumstances, limited field visits could also be arranged.

4.2 Pukapuka Rehabilitation Planning

This task is based upon request of the Cook Islands Aid Management Unit of the Ministry of Finance and Economic Management in consultation with the Energy Division of the Ministry of Works. It addresses the issue of rehabilitating the power supply systems of the island of Pukapuka in the Northern Cook Islands that have been damaged in the 2005 cyclone season.

Pukapuka is a coral atoll consisting of three islets (motus) situated at the corners of a roughly triangular lagoon. Total population is approximately 650. Its land area is 425 ha. Pukapuka atoll is the main island and has three permanent villages on the lagoon side — Yato, Roto and Nake. Roto is home to the Government Residence, Bank of the Cook Islands, the post office, the church and a medical center. Distance from Rarotonga is 1324 km, flights are infrequent (charter). Shipping services are scheduled monthly but are variable.

Copra was once a significant crop and regular income-earner for the island, but low market prices, irregular shipping links, and more rewarding forms of income-generation have caused the effective downfall of cash cropping. Coconut remains an important subsistence crop.

Prior to the 2005 cyclones, electricity infrastructure on Pukapuka consisted of a 21 KW Lister diesel generator that is operated approximately 12 hours a day. It electrified the government compound. Approximately 140 households were equipped with solar systems that had been installed 1992. In 2004 a survey of 98 of the households was conducted that showed that almost all solar systems were still operational. For the respondents 24 hour supply was a high priority. 5% of the respondents
complained that there was not enough power available for their needs and 1% felt that they could not use certain appliances. There were also 16 solar powered street lights and two solar powered navigation beacons on the island.

There are indications that solar installations (panels, batteries and regulators have been damaged by the recent cyclones, but the extent of the damage is unknown. It can be assumed, however, that the solar systems that are already 13 years in operation (20 years technical lifetime) will require major repairs and component replacement due to normal wear.

Next Steps
The following updated diagram depicts the proposed process of rehabilitating Pukapuka’s power supply. The schedule is preliminary and assumes a process that is not further delayed by external factors. It also assumes that the Energy Division mobilizes in April to undertake the initial survey.

The above schedule is indicative and depends on factors such as integration of the power systems rehabilitation into other relief work and on
the priority that will be attached to electricity in a competitive environment where government will have to make decisions as to where allocate funding. Obviously, there might be more urgent needs such as rebuilding houses and water supply. It would be helpful if all further steps of planning the power systems rehabilitation be closely coordinated with the a central management unit that is concerned with the re-building of Pukapuka.

**Site Survey**

UNDP funded a desk study on Pukapuka power system up-grading in 2004. The report compares the costs of various alternatives but does not include any engineering or detailed design of an upgrade. In order to plan the rehabilitation of Pukapuka’s power supply a survey on the actual situation is needed. The Energy Division can perform this survey. An alternative is to develop a questionnaire and have the local authority perform the survey. It should focus on an inventory of the installations on the island. The state of the diesel system at the government compound should be assessed. For the individual solar systems three categories should be distinguished:

<table>
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<th>Complete Write Off</th>
<th>Partly Damaged</th>
<th>Serviceable</th>
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<tbody>
<tr>
<td>Systems whose major components are missing or not</td>
<td>Non-serviceable systems where individual components are considered serviceable. In most cases only panels would fall under this category as testing of other components on site will be difficult.</td>
<td>Systems whose owners consider them fully functional</td>
</tr>
<tr>
<td>functional. Panels are cracked etc.</td>
<td></td>
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</tr>
<tr>
<td>Households should be listed that require complete rehabilitation</td>
<td>Serviceable system components should be listed with location (household) of the equipment</td>
<td>Households should be listed that require no rehabilitation</td>
</tr>
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The survey should also include an inventory of electrical appliances that are currently used in the households. Other questions to include in the survey are:

- Number of persons in household
- Willingness to pay for service,
- Household preference (diesel, solar systems)
- Service hours required (24 hours or scheduled)
- Planned acquisition of new appliances.
The survey should be based on a standard questionnaire. PIEPSAP could assist in developing such a questionnaire if required. Assuming that 10 households can be surveyed per day, the exercise requires approx 15 working days (one person). The survey should be performed as soon as possible, preferably in April.

**Feasibility and Engineering Study**

The survey above, once executed by the Energy Division, will be the basis of a detailed feasibility study that PIEPSAP could undertake in cooperation with the Energy Division. The study will assess electricity demand of both public sector and households. PIEPSAP will consider the study as an on-the-job training and capacity building exercise for staff of the Energy Division. All methodologies and analytical tools will be transferred to the Energy Division.

Fieldwork in Pukapuka will be required for two weeks and include broad stakeholder consultation, socio-economic analysis, technical and economic comparison of supply options. Fieldwork will be followed by selection of preferred option, detailed design of supply system preparation of procurement documents and development of an implementation program together with user education/awareness and operator training.

User fees depending on the selection of the supply options would be determined on the basis of a contingent valuation analysis. The feasibility study would also analyse the funding of the project i.e. would liaise with relevant donors and funding agencies and the government in order to secure a budget for the rehabilitation project. The ultimate measure of success for the study would be a successful procurement of funding for the proposed project.

Other aspects to be considered in the feasibility study includes:

- Protection against hurricane damage
- Scheduling of implementation
- Co-ordination of implementation schedule with other relief work and infrastructure rehabilitation
- Use of salvaged components

**Procurement**

A key output of the feasibility study will be procurement documents for the preferred rehabilitation option. Theoretically there are a two options: A reticulated system that is powered by a diesel, a solar unit or a combination of the two or a rebuilding of the original distributed solar set up. A diesel solution would cost approx NZ$ 700,000, solar electrification
approx NZ$ 1,500,000 if the original set up is re-established. Solar could also be expanded to cater for a higher demand and use of a broader range of electrical appliances. For more luxurious versions of solar electrification cost could go up to NZ$ 4,000,000. The design should in any case consider willingness to pay as major criteria for system size.

Design will be largely be determined by the donor community’s and the consumers’ willingness to pay. Assuming that funding can be secured in consultations during the feasibility work, procurement could be initiated in September.

**Installation**

Assuming a smooth implementation of the feasibility work and availability of funding an early start of installation would be January 2006. Procurement should include installation of systems, training, and awareness building in the community.

### 4.3 Prepare Update of NEP and Strategy

The main question to be asked first when up-dating the NEP is “Why has the NEP achieved so little by since its endorsement?” We believe that there are two main reasons:

- Lack of political will and commitment at decision making level in Government
- Current NEP is too generic mostly expressing general objectives rather than addressing existing problems within the CI energy sector
- The devolution of responsibility for energy supply on the outer islands to the local councils makes it difficult if not impossible to pursue an integrated national energy policy.

The first problem is to a large degree outside PIEPSAP’s control. We will however, assist ED in consultations with decision making level that aim at convincing leaders to demonstrate political will and commit resources to a national energy policy.

The second point will be addressed by focussing on policy issues that are currently topics attracting broad interest, i.e. structuring of outer island electricity and energy supply, supply cost and pricing of petroleum products, electricity tariffs and tariff regulation, institutional arrangements and responsibilities in the power sector.

The document to be developed belongs to GoCI and the PIEPSAP’s role is simply to facilitate the paper’s preparation, provide advice to guide
contributions by government agencies and other sources, and to draw the different threads into a coherent strategy.

Based on the views obtained from the key stakeholders mentioned above, our knowledge of the CI energy sector and our experience we would prepare an updated draft of the NEP paper encompassing issues such as:

- Objectives of the NEP
- Institutional structures responsibilities, strengthen commercial functions and streamline administration
- Tariff and pricing policies for Rarotonga and outer islands
- Petroleum products supply, storage and distribution
- Restructuring of outer island power supply including legal and regulatory development to align with private sector participation;
- Allocation of resources to energy conservation and renewable energy projects
- Incentives and subsidies for renewable energies and energy efficiency
- Transparent criteria for selection of priority projects
- Identification of priority projects for public and private development in outer islands;
- Development of ownership and implementation models to encourage Outer Island Energy Service Companies
- Environmental and social standards
- Solicitation models and concession award processes;
- Project evaluation and implementation procedures;
- Conditions to be satisfied for multilateral and bilateral agency support.

4.4 Stakeholder Workshop on Draft NEP

The Workshop will be held after submission of the draft NEP Paper. PIEPSAP would seek approval of the report by GoCI before circulating the document. The workshop will be attended by government and private parties with a stake in the energy sector and will provide a vehicle for soliciting comments and stimulating discussion among participants. To give participants time to order their thoughts, we will distribute the draft of the NEP Paper prior to the event. The feedback received at the first Workshop will enable us to fine-tune the paper to more accurately reflect the stakeholders’ intentions.

The process of finalizing involves broad input from task force members and senior government officials and our experience of such work is that a
number of draft and review cycles may be needed before all parties can sign off on it. It is therefore important that the feedback received in the review cycles and at the Initial Workshop is comprehensive and pertinent. The NEP will be the basis for the subsequent development of a Strategy, implementation guidelines and Actions Plans. In a workshop held in November 2005, it was agreed to initially leave the NEP in its current state and focus instead on the development of a strategic action plan.

### 4.5 Action Plans, Work Programs and Implementation Guidelines

The NEP will provide the framework for project implementation. Project implementation requires a set of secondary documents and guidelines. Scope and details of these secondary documents will have to be discussed with GoCI and the task force before PIEPSAP engages in drafting of papers. At this stage we suggest the following elements to be considered:

- Model MoU (for private operators)
- Model feasibility study (Wind Rarotonga)
- Model project development document
- Model environmental and social impact assessment
- Model Contracts (IPP, RESCO)
- Work program ED (annual and mid term)

To give effect to policies in the National Policy Paper regarding project implementation we will assist in developing implementation procedures designed to bring transparency, order, timeliness, evenhandedness and, where practicable, competition to the process of awarding contracts.

In a workshop in November 2005, it was agreed to focus initially on the development of a strategic action plan, labeled “Cook Island Energy Action Plan”. Upon endorsement of this plan the above

### 4.6 Financing Energy Sector Projects

We will examine all potential sources of project finance including the options provided under EDF, the EUEI, bilateral donors, Kyoto Protocol and ADB. Without access to finance there will be no implementation of the NEP. We believe that incentives should include offering assistance to incumbent and prospective small rural entrepreneurs to address their major problems in a difficult market.
4.7 Second Consultation Workshop

The purpose of the second consultation work is to clarify additional issues arising from previous drafting and consultation in relation to the revised draft policy statements and other related documents. The workshop will endeavor to fine-tune the policy statements to more accurately reflect the issues listed above.

The second workshop will provide the basis for the finalization of appropriate strategies for implementing the policy and associated action plans. The National Task Force will convene to review and endorse the strategies and action plans. It is anticipated that at the end of the PIEPSAP support a final workshop the National task Force will be able to reach consensus and finalise the strategies and action plans as outlined above.

5.0 Time Schedule and Deliverables

5.1 Program

Our indicative program for delivery of deliverables is outlined below. The program is subject to discussion with MRD and will be transformed in a detailed Schedule.

<table>
<thead>
<tr>
<th>Milestone:</th>
<th>Timing:</th>
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<tbody>
<tr>
<td>Acceptance of joint Work Program</td>
<td>June 2005</td>
</tr>
<tr>
<td>Training Attachment EP</td>
<td>To be determined</td>
</tr>
<tr>
<td>Pukapuka Study</td>
<td>July/ August 2005</td>
</tr>
<tr>
<td>First Draft NEP update</td>
<td>July 2005</td>
</tr>
<tr>
<td>First Consultation Workshop</td>
<td>September 2005</td>
</tr>
<tr>
<td>Submit Final Draft Strategy, Action Plans and Guidelines</td>
<td>October 2005</td>
</tr>
</tbody>
</table>
Second Workshop and stakeholder consultation to fine tune and update draft

<table>
<thead>
<tr>
<th></th>
<th>December 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Documents</td>
<td>On a date to be agreed</td>
</tr>
</tbody>
</table>

Note: The above schedule is indicative. Exact dates will be determined during the inception phase of the assignment.

5.2 Reporting/Outputs

The reporting requirements and outputs during the assignment will also be discussed and co-ordinated with MRD. We suggest the following as a basis for discussions:

- Final Agreement (ToR) PIEPSAP for support, before commencement of the assignment (this document)
- Training Attachment Program
- Training Attachment Report/Evaluation
- Update feasibility study Wind Rarotonga (Model Feasibility Study)
- Draft CIEAP
- Final CIEAP
- Draft Pukapuka Study
- Final Draft Pukapuka Study
- Strategy and Implementation Guidelines
- Model documents and Work plans