



# Pacific Power Association Strategic Plan July 2011 - June 2016

*Approved by the Board of Directors  
of the Pacific Power Association  
in Hagåtña, Guam, 26 July 2011*



PPA acknowledges the assistance of the United Nations Industrial Development Organisation (UNIDO) in supporting the Development of this Strategic Plan.

<b>Contents</b>	<b>Page</b>
Table of Contents	i
Acronyms and Abbreviations	ii
Message from the Chairman	iii
PPA's Vision and Mission	iv
1. Background on PPA	1
2. The Power Sector in the Pacific	2
3. A Ten Year Horizon	3
4. Summary of the Strategic Plan	4
5. Development of the Strategic Plan	5
6. Strategic Goals and Objectives	5
7. Actions to Achieve the Strategic Goals and Objectives	7
8. Implementation, Monitoring and Evaluation	15

**Annex:**

Board Authorization of the Strategic Plan

## Acronyms and Abbreviations

AGM	Annual General Meeting
ASAP	As soon as possible
AVA	Australian Volunteers Abroad
CEO	Chief Executive Officer
CROP	Council of Regional Organisations of the Pacific
DSM	Demand side management
e8	Global network of expertise of G8 country power utilities
EC	European Commission; also PPA Executive Committee
EDIN	Energy Development in Islands Nations (US, NZ, Iceland)
EIB	European Investment Bank
FAESP	Framework for Action on Energy Security in the Pacific: 2010-2020
GIS	Geographical Information Systems
IPP	Independent Power Producer
IUCN	World Conservation Union (formerly International Union for the Conservation of Nature)
JICA	Japan International Development Agency
KEMA	Dutch consulting firm (and PPA Allied Member)
KOICA	Korean International Cooperation Agency
kWh	Kilowatt hour
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MW	Megawatt
OIA	Office of Insular Affairs of USDO
PICT	Pacific Island Country and Territory
PNG	Papua New Guinea
PPA	Pacific Power Association
SCADA	System Control and Data Acquisition
SEIAPI	Sustainable Energy Industry Association of the Pacific Islands
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
SSM	Supply side management
SWOT	Strengths, Weaknesses, Opportunities and Threats
TERM	Tonga Energy Roadmap
TNA	Training Needs assessments (PPA)
UNIDO	United Nations Industrial Development Organisation
USDO	United States Department of the Interior
USP	University of the South Pacific

## Message from the Chairman

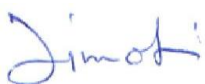
The power utilities of the Pacific Islands region are operating in a period of great uncertainty. We are overwhelmingly dependent on imported petroleum fuels, which account for the bulk of our operating costs. Fuel prices reached record levels in 2008 and have since fluctuated widely causing great difficulties in utility planning and financial management. We need to embrace local renewable energy resources to replace petroleum imports but investment costs are high, technologies are rapidly changing and for some utilities the practical options appear to be limited. Utilities have also been under increasing pressure to operate along more commercial lines and some governments are developing or considering new regulatory mechanisms.



Many of the region's utilities are heavily dependent on financial and technical support from various donors and regional and international development agencies, including the development banks. In 2010, the region's leaders endorsed *A Framework for Action on Energy Security in the Pacific: 2010-2020* (FAESP), which has the long-term objective of "reliable, efficient and affordable access to electric power and services for all Pacific Island Country and Territory households and communities" and has contributed to increased coordination among the development agencies in the energy sector in the region. Our PPA plan is consistent with the goals of FAESP. The Secretariat of the Pacific Community (SPC) has the lead coordinating role for energy among the agencies of the Council of Regional Organisations of the Pacific (CROP) and increasingly development assistance for regional-level initiatives from many development partners is expected to be consistent with FAESP objectives and coordinated with the SPC.

These developments are modifying the political and assistance environment in which the region's power utilities operate. They have also led the Board of Directors of the Pacific Power Association, the CROP agency responsible for promoting the development of the electric power sector and cooperation among the utilities, to consider the scope and direction of future activities which will most benefit member utilities and foster affordable and sustainable power sector development for the people of the Pacific.

This plan provides a focus and strategic guidelines for PPA's activities during the planning period and actions to reach our goals.

A handwritten signature in blue ink that reads "Apii Timoti".

Apii Timoti

Chief Executive Officer, Te Aponga Uira O Tumu-Te-Varovaro of the Cook Islands and Chairman, PPA Board of Directors

## **PPA's Vision and Mission**

### **Vision**

Access to sustainable and quality electricity services for the people of the Pacific Islands region

### **Mission**

To support the Pacific Island Country and Territory (PICT) power utilities in the provision of high quality, secure, efficient and sustainable electricity services.

In this context PPA will:

- be the regional voice for the PICT power utilities
- provide a forum for PICT utilities to address their needs
- contribute to the development of policies and programs to improve electricity services for the benefit of the PICTs, consistent with the Framework for Action on Energy Security in the Pacific, 2010-2020
- provide strategic information and institutional strengthening services to member utilities
- improve knowledge of the electricity supply business within the region

## **1. Background on PPA**

The Pacific Power Association is an inter-governmental agency and a member of the Council of Regional Organisations in the Pacific. PPA was established in Suva, Fiji in 1992 to promote cooperation among Pacific island power utilities in technical training, exchange of information, sharing of senior management and engineering expertise and other activities of benefit to members. Its objective is to improve the quality of electric power in the region through cooperative efforts among the utilities, the private sector, CROP members, development assistance agencies and others.

There are three main categories of membership: Active (Pacific island power utilities), Allied (other power utilities, organisations and individuals with an interest in the region's power sector) and Affiliate (any organisation that does not seek to gain financial benefits or direct services from PPA). In early 2011, there were 25 Active Members operating in 20 Pacific Island Countries and Territories, 54 Allied Members and 10 Affiliated Members. Active Members and an Allied Member representative have voting rights. Core funding is through annual membership fees but PPA has also received financial and technical support from a number of development assistance agencies.

PPA's Board of Directors consists of the CEOs or representatives of all Active Members and a member elected from Allied members. The Allied Members' representative has a three year term. Other Board Members are permanent unless they resign from or are removed from their utility. Day-to-day affairs are managed by a Secretariat headed by an Executive Director who is an ex-officio board member.

An Executive Committee (EC) of the Board guides the Secretariat between annual PPA meetings and has the authority to make decisions on behalf of the Board between Board Meetings. The Memorandum and Articles of Association, last revised in 2006, specifies that an Annual General Meeting (AGM) is to be held at least once every calendar year, with a quorum of ten directors (present or represented by proxy) representing not less than eight of member PICTs. There are alternates for each EC member.

The chairman of the board is a Director appointed by the board for a term not exceeding three years. The EC is appointed from members of the Board, comprising the Chairman, the Secretary, the Treasurer, the elected Allied member representative, and the board member representing the Active member hosting the next AGM.

Key PPA activities have included: a) an ongoing regional technical and non-technical training programme; b) a managerial, technical and financial cooperation programme for sharing utility expertise and experiences; c) a regional power sector database which is under development; d) publication of a quarterly magazine "Pacific Power"; e) provision of technical studies and advisory services; f) organising and conducting the annual meeting with a separate workshop for board members and a concurrent trade exhibition; g) organising and conducting a bi-annual engineering workshop in conjunction with the annual meeting; and h) other miscellaneous services for members.

## 2. The Power Sector in the Pacific

The Pacific island states range in size from Nauru, with only 21 km<sup>2</sup> of land area to Papua New Guinea (PNG), with nearly 463,000 km<sup>2</sup> and populations ranging from barely a thousand people to well over 5 million, spread over an ocean area larger than Europe. Unsurprisingly, PPA's 25 Active Member utilities are characterised by vast diversity:

- Utilities range from small organisations with under 1 MW of capacity serving a few hundred customers to those with hundreds of MW serving thousands of customers;
- Electrification rates range from under 20% in several Melanesian countries to nearly 100% in much of Polynesia;
- Some utilities operate a single grid network in one urban area, island or state while others provide a country-wide service with multiple grid systems on different islands;
- Some utilities have well-developed transmission grids with voltages above 33 KV, but most grids are lower voltage distribution networks;
- Household electricity consumption from the power grid ranges from about 80 kWh per month to over 700 kWh. Until recently, there were no demand-side energy efficiency services for customers and these remain mostly undeveloped;
- In some PICTs, taxes are charged on electricity sales but for others there is no tax or it does not apply to electricity. Several utilities pay no import duty or tax on fuels, but others are taxed. Some tariff formulas include minimum monthly charges and several have complicated fuel adjustment surcharges which can be difficult for consumers to understand;
- Many utilities are essentially 100% dependent on imported petroleum fuels, and alternative indigenous energy sources are meagre or unproven, whereas others have developed significant hydropower and to a much lesser extent wind, solar and biofuel resources;
- Most power utilities are self-regulating, whereas several have external regulators for technical standards and/or tariff setting or are considering their introduction;
- Most utilities provide only electricity services but several are also responsible for water systems and at least one provides bulk fuel bunkering;
- A number of utilities are run as private profit-making companies but some have government-established tariff structures that have routinely been set below the cost of supply, undermining cash flow and causing operational and maintenance difficulties;
- The colonial past of the Pacific has resulted in three different sets of technical standards in the region: Australian/UK for much of the south Pacific, US standards for US-affiliated PICTs, and French standards for five Francophone utilities;
- For some utilities, a legacy of decades of subsidies for generating equipment and/or fuel, resulted in artificially low prices for consumers and high levels of

electricity consumption, a situation which is hard to sustain but also difficult to change quickly as the subsidies end or diminish;

- Some utilities have a national tariff structure (e.g. Fiji; PNG; Samoa; Solomon Islands) which results in high levels of cross subsidies from the main urban areas or the main island to other electricity consumers; and
- Some utilities use advanced technology such as system control and data acquisition (SCADA), geographic information systems (GIS) as an asset management tool, smart relays, load flow analysis, automatic remote revenue meter reading, prepaid metering, wireless communication advances, etc. whereas others use older and simpler technologies.

With such a diverse range of conditions and operating environments, there is a correspondingly wide variation in the technical and management skills available within the individual utilities, the ability to retain skilled personnel, and local training capacity. Providing effective and cost-effective services is a challenge for PPA.

### **3. A Ten Year Horizon**

Because the environment in which PICT utilities operate is changing rapidly, this strategic plan covers a fairly short period of five years, from mid-2011 to mid-2016. This is the minimum period in which the PPA Secretariat can realistically expect to access the additional resources necessary to develop and provide a significant increase in the level and quality of its services to member utilities and the PICTs. However, it is important that the five-year plan consider the longer term, and that PPA's activities and priorities in the medium term five-year period be consistent with addressing the longer term issues.

In brief, PPA expects the following issues of relevance to PPA and its members to be important over the next decade and beyond:

- Continuing extreme dependence of most PICT utilities on petroleum fuel imports, with high, widely fluctuating and generally increasing costs, as the main determinant of utility operating costs.
- A regional development context in which high fuel costs and possibly supply constraints will affect agriculture, fisheries, forestry, transportation, health, tourism, etc. and thus economic growth (or contraction), affecting the demand for, and affordability of, electricity.
- Continuing, and perhaps growing, funding agency pressure for utility commercialisation, regulatory mechanisms external to the utility and tariffs that cover full costs of supply.
- A projection by the Asian Development Bank of electricity growth in the PICs (Pacific territories are not ADB members) at a fairly high per year through 2030, with petroleum continuing to account for 89%-91% except for Fiji and PNG, which have more diverse resources.
- An increasing percentage of power supply through Independent Power Producers, perhaps particularly in the larger PICTs.



- Rapidly changing technical options and costs for power generation from renewable resources, but mostly at scales beyond PICT demands and with limited operational experience in Pacific or similar environments.
- Continuing emphasis by donors and other funding agencies on renewable energy for electricity production in the PICTs and more efficient energy use by both utilities (supply-side) and consumers (demand-side).
- As funding agencies and governments continue to advocate renewable energy at larger scales, there is likely to be an increase in poor advice by promoters of inappropriate ‘solutions’.
- Funding to the energy sector for mitigating the impacts of climate change is likely to increase.
- For grant finance to utilities for regional initiatives – as opposed to funding directly to PICTs – many key donors are likely to continue to require endorsement through a regional mechanism and consistency with the 2010-2020 *Framework for Action on Energy Security in the Pacific*, as periodically revised.
- Especially if grant funding for regional – again as opposed to national – energy sector assistance increases or remains at current levels of roughly US\$300m over five years, differing interpretations of the mandates of Pacific organisations are likely to continue.
- Interest in subregional, rather than Pacific-wide, approaches (for example the Association of Micronesian Utilities) to serving utility needs is likely to continue.

#### **4. Summary of the Strategic Plan**

For the PICT utilities overall, a primary concern is extreme dependence on petroleum fuels which account for the bulk of utility costs. The key strategic goal of this plan is to assist the utilities to improve energy security by using petroleum more efficiently, obtaining supplies at affordable prices and reducing dependence over time. This and three subsidiary goals and objectives to work toward the goals are:

##### **1. Strategic Goal 1: Using Petroleum Fuel More Efficiently and Reducing Utility Petroleum Consumption**

Objective 1.1: Improve the efficiency of electricity production & supply by utilities

Objective 1.2: Improve the efficiency of electricity use by utility customers

Objective 1.3: Increase the use of renewable energy

Objective 1.4: Reduce petroleum cost to utilities

##### **2. Strategic Goal 2: Building Capacity to Improve Electricity Supply and Quality**

Objective 2.1: Capacity building of utilities

Objective 2.2: Capacity building of PPA Secretariat

##### **3. Strategic Goal 3: Provision of Services by the PPA Secretariat to Improve Electricity Supply and Quality**

Objective 3.1: Improve services to utilities

Objective 3.2: Improve information systems

#### **4. Strategic Goal 4: Improving the Financial Sustainability of the Utilities and the PPA Secretariat**

Objective 4.1: Finance for utilities

Objective 4.2: Support for electricity tariff studies

The plan does not specify precise actions or priorities to reach the strategic goals and objectives, but rather suggests indicative actions for the guidance of the Secretariat for consideration as they develop annual action plans. The Secretariat will also develop a monitoring and evaluation mechanism to assess progress and the quality of its services.

#### **5. Development of the Strategic Plan**

The process used to develop the plan is described in a progress report of 28 January 2011 and the 4 April 2011 report of a workshop to develop a draft strategic plan, which was held from 28th March to 1st April 2011. These reports are available from the PPA Secretariat and are only briefly summarised in this document.

The workshop included a SWOT analysis to assess the strengths, weaknesses, opportunities and threats – both currently and potentially – affecting the ability of the PPA Secretariat to deliver effective services to its members. The committee to develop the plan consisted of CEOs of six PPA Active Members and the Allied Member representative, who as a group identified key high-level strategic goals, objectives to meet the goals, and broad strategies and indicative activities to work toward achieving the objectives. PPA's vision and mission statement were revised to align with the goals, and the committee briefly considered mechanisms to implement the strategic plan and for its monitoring and evaluation.

It was agreed that a five year planning period is appropriate. It is understood that progress will be highly dependent on external finance, which requires time to access and some of which may not eventuate, and that some objectives may not be fully achieved during the planning period. Some activities to accomplish the goals will be ongoing and will extend well beyond the current five-year planning horizon.

#### **6. Strategic Goals and Objectives**

The primary concern for PICT utilities overall is extreme dependence on imported petroleum fuels which account for the bulk of utility costs. Assisting the power utilities to improve energy security by using petroleum more efficiently, obtaining secure supplies at affordable prices and reducing dependence over time collectively form the key goal of this plan. This and the other three subsidiary goals and supporting objectives are listed on the following page.

## PPA's Strategic Goals and Objectives

<b>Strategic Goal 1: Using Petroleum Fuel More Efficiently and Reducing Utility Petroleum Consumption</b>
<p><b>Objective 1.1: Improve efficiency of electricity production &amp; supply by utilities</b> Facilitate utility supply-side energy efficiency improvements to reduce the amount of utility resources needed for electricity delivery to end users</p>
<p><b>Objective 1.2: Increase the efficiency of electricity use by utility customers</b> Facilitate utility demand-side energy efficiency improvements</p>
<p><b>Objective 1.3: Increase the use of renewable energy</b> Lead the Pacific Islands region in implementing renewable energy for electricity production</p>
<p><b>Objective 1.4: Reduce petroleum cost to utilities</b> Facilitate efforts for utilities to improve terms of petroleum supply and to develop an integrated approach to reduce petroleum use through supply side efficiency, renewable energy and demand side efficiency investments</p>
<b>Strategic Goal 2: Building Capacity to Improve Electricity Supply &amp; Quality</b>
<p><b>Objective 2.1: Capacity building of utilities</b> Facilitate and provide regular, high quality training for utility personnel and assist utilities locate additional staff capacity where required to meet strategic goals</p>
<p><b>Objective 2.2: Capacity building of PPA Secretariat</b> Increase the capacity of the PPA Secretariat to effectively address utility issues through training and staff expansion as needed to meet strategic goals</p>
<b>Strategic Goal 3: Provision of Services by PPA Secretariat to Improve Electricity Supply and Quality</b>
<p><b>Objective 3.1: Improve services to utilities</b> Facilitate and provide high quality support services to the utilities</p>
<p><b>Objective 3.2: Improve information systems</b> Improve and regularly update PPA's website which will include a power sector database, and information, links and references relevant to PICT utilities</p>
<b>Strategic Goal 4: Improving the Financial Sustainability of the Utilities and the PPA Secretariat</b>
<p><b>Objective 4.1: Finance for utilities</b> Facilitate advice to utilities on financing opportunities and securing finance needed to attain the strategic goals</p>
<p><b>Objective 4.2: Support for electricity tariff studies</b> Facilitate advice to utilities on appropriate tariff levels and structures including regular updates</p>

## 7. Actions to Achieve the Strategic Goals and Objectives

It is not the intention of this planning process to dictate specific actions to the PPA Secretariat for PPA's work toward achieving the goals and objectives. This section suggests indicative approaches. The actual activities, priorities, and details are to be developed by the Secretariat through an action plan to implement the strategic plan. There is some inevitable overlap among categories so some activities could have been listed under other goals or objectives.

<b>Indicative Strategies for Strategic Goal 1: Using Petroleum Fuel More Efficiently and Reducing Utility Petroleum Consumption</b>	
<b>Actions to achieve the objectives associated with the goal</b>	<b>Comment</b>
<b>Objective 1.1: Improve the efficiency of electricity production &amp; supply by utilities</b>	
<p>Facilitate activities to implement key recommendations from the recently completed USDOl-supported KEMA North Pacific utility supply side loss studies and the yet to be completed EC and New Zealand-supported South Pacific utility supply side loss studies.</p> <p><i>Rational: The primary problem faced by Pacific utilities efforts to implement actions to improve supply side efficiency is obtaining finance for the hardware and services required. PPA will work with the development community and international financial institutions to assist the utilities individually and sub-regionally to access the necessary finance.</i></p>	<p>For North Pacific, prepare proposals for funding &amp; discuss with development partners as soon as possible (ASAP).</p> <p>For South Pacific, implementation will begin immediately following completion of the KEMA supply-side studies in early 2012.</p>
<p>Facilitate improvement of utilities' power system protection to avoid incorrect system protection operations and subsequent loss of power</p> <p><i>Rationale: The addition of renewable energy generation can affect the action of the equipment that protects power system equipment from damage due to overloads and other problems. Utilities need assistance in obtaining technical services and financial support to improve protection systems to maintain high power reliability.</i></p>	<p>This builds upon data available from recent and current KEMA supply side studies</p>
<b>Objective 1.2: Improve the efficiency of electricity use by utility customers</b>	
<p>Facilitate preparation of utility-specific studies to show financial costs and benefits of specific demand side management (DSM) actions</p> <p><i>Rationale: Because DSM has as its purpose the reduction in electrical energy purchased by end users, there will be financial effects on utilities that may reduce commercial profitability but may at the same time increase economic benefits to the nation. For some utilities where income does not cover full costs, DSM efforts might modestly improve profitability (i.e. reduce financial losses). For governments, regulators and utility boards to make rational decisions regarding DSM activities, assistance in performing the necessary comprehensive financial and economic analyses specific for the operating conditions of each utility may be needed. PPA will assist interested utilities in accessing the required assistance.</i></p>	<p>Work with development partners to develop a programme for supporting this objective</p>

Actions to achieve the objectives associated with the goal	Comment
<b>Objective 1.2: Improve the efficiency of electricity use by utility customers (continued)</b>	
<p>Collaborate with CROP agencies and others to assist utilities implement demand side management (DSM) initiatives</p> <p><i>Rationale: DSM programmes are likely to be provided through several CROP agencies but most will have to be implemented at least in part by utilities. PPA will collaborate with any CROP agency or other organisation providing funding to utilities for DSM, both to assist the CROP agency in interacting with member utilities and, if needed, to assist utilities participating in the DSM project.</i></p>	<p>PPA role is supportive of efforts of SPC, SPREP, IUCN, etc.</p>
<p>Facilitate the identification and access of finance for implementing DSM measures</p> <p><i>Rationale: Experience has shown that DSM projects that only identify financially and economically appropriate efficiency measures have a low implementation rate due to the difficulty of accessing finance to implement the measure. PPA will work with international finance and donor agencies to help utilities locate funding either for grants or for low interest loan funds in order to help locate finance for DSM measures under member utilities.</i></p>	<p>Note the successful model for improving demand side energy efficiency for Palau housing and commercial sectors through the EIB, IUCN and others</p>
<b>Objective 1.3: Increase the use of renewable energy for electricity</b>	
<p>Establish a formal relationship with the Sustainable Energy Industry Association of the Pacific Islands (SEIAPI)</p> <p><i>Rationale: The use of renewable energy by utilities is an important part of the Strategic Goals of the PPA. The SEIAPI will be developing technical standards, providing training opportunities and assisting members access technical support for renewable energy technologies. Since utilities are a major user of renewable energies, PPA can assist SEIAPI in their interactions with utilities while SEIAPI can assist the PPA in meeting its goal of increased use of renewable energy by utilities.</i></p>	<p>Discuss with SEIAPI ASAP</p>
<p>Facilitate the modelling of PIC grids to help utilities most effectively utilise the input of renewable energy generation.</p> <p><i>Rationale: The addition of generation to an existing grid, particularly variable generation from solar or wind systems, can cause a reduction in power system reliability if not properly integrated into the existing power system. The utility system models prepared by KEMA for the supply side efficiency studies can be further developed to allow the modelling of distributed generation from renewable energy sources.</i></p>	<p>Build upon KEMA supply-side studies, which provide the needed information on the main grids of each utility</p>
<p>Facilitate the analysis and correlation of existing data for renewable energy resource assessment and the development of additional data where required</p> <p><i>Rationale: Renewable energy resource data have been obtained by many agencies and are a component of many renewable energy projects but have remained unavailable to utilities and other developers of renewable energy. PPA will facilitate the consolidation of existing renewable energy resource data, put the data in a useful format and where there is a further requirement for resource data, and assist utilities in data collection, analysis and utilisation.</i></p>	<p>Long-term effort; liaise with USP, SPC, SPREP, EDIN, PICT energy offices, national and regional meteorological services etc.</p>

Actions to achieve the objectives associated with the goal	Comment
<b>Objective 1.3: Increase the use of renewable energy for electricity (continued)</b>	
<p>Support utilities in renewable energy project development through assistance in obtaining reliable technical information, in developing realistic financial analyses of proposed projects, in preparing proposals for the funding of renewable energy projects and obtaining independent reviews of renewable energy projects and proposals.</p> <p><i>Rationale: Because renewable energy projects for utilities are relatively new in the Pacific, utilities have found it difficult to obtain technical and financial information for renewable energy applications that are practical and appropriate for the Pacific utility environment. The PPA Secretariat will assist utilities in sharing information relating to technical and financial aspects of existing renewable energy projects and in obtaining additional information and assistance for the development and analysis of renewable energy project proposals.</i></p>	<p>Ongoing effort through the use of the PPA website, workshop sessions at the annual PPA meeting focused on utilities sharing information on renewable energy projects, technical assistance from donors and support</p>
<b>Objective 1.4: Reduce petroleum cost to utilities</b>	
<p>Work with SPC &amp; Forum Secretariat to facilitate improved petroleum supply contracts for utilities</p> <p><i>Rationale: Since most Pacific Island utility operating costs are largely a function of the cost of fuel, any action that can result in reduced fuel cost to the utility will be of significant benefit. Although PPA is not the lead agency for bulk purchasing and other arrangements intended to reduce the cost of fuel to the PICTs, the PPA will assist in whatever manner is practical.</i></p>	<p>PPA's role in fuel procurement is subsidiary to the SPC and Pacific Island Forum Secretariat but has better access to utility management and operating data.</p>
<p>Facilitate utility-specific assessments of practical strategies to reduce petroleum fuel use</p> <p><i>Rationale: The Tonga Energy Road Map (TERM) project provides a model for setting realistic fuel import savings targets and their cost of achievement. Although the World Bank will be leading such studies in several PICs, most will not receive support. The PPA Secretariat will work to obtain funding and technical support for those utilities</i></p>	<p>This is for PICTs that are not part of the energy 'roadmap' series, coordinated by the World Bank</p>

<b>Indicative Strategies for Strategic Goal 2: Building Capacity to Improve Electricity Supply and Quality</b>	
<b>Actions to achieve the objectives associated with the goal</b>	<b>Comment</b>
<b>Objective 2.1: Capacity building of utilities</b>	
<p>Develop curricula and training modules and facilitate or implement training for training identified by PPA's Triennial Training Needs Assessments (TNAs)</p> <p><i>Rationale: Every three years, the training needs of all utilities are assessed by the PPA Secretariat and a training plan is developed. To implement the plan, the PPA Secretariat will locate trainers, funding and the other resources necessary to develop the training processes and implement the actual training.</i></p>	Underway and ongoing
<p>Facilitate provision of training on emerging technologies of potential interest to member utilities</p> <p><i>Rationale: The rate of change of energy technology is expected to be rapid during the next decade. To assist utility management and technical personnel stay abreast of technology developments, PPA will facilitate utilities in obtaining support to attend specialist training, workshops and meetings that are focused on new and emerging utility technologies that may be of interest to PICT utilities.</i></p>	Facilitation will include listing any emerging technology event on the PPA website and, where requested by utilities, facilitate their access to funding to attend.
<p>Collaborate with others to improve relevance and practicality of training to utilities</p> <p><i>Rationale: Currently training is provided to utilities by many agencies with limited coordination or consideration of the training plans developed by the PPA with utilities. To reduce redundancies and help improve training relevance, PPA will collaborate closely with other organisations that provide training to PICT utilities</i></p>	Collaborate with SPC, USP, SPREP, IUCN, e8, etc.
<p>Develop a training register showing what utility staff have attended specific training courses, particularly PPA-facilitated training</p> <p><i>Rationale: Some training programmes include a series of courses, each based on the materials provided in preceding course. Other courses are repeated in order to access new trainees. To help utilities designate the proper persons to attend trainings, a registry of trainees will be kept by the PPA. Additionally the registry may be used to provide updated information to participants of past trainings</i></p>	Member utilities have a responsibility to provide information to PPA Secretariat
<p>Training for personnel to vet designs, specifications, installation and maintenance requirements of new technologies being promoted for Pacific utility use</p> <p><i>Rationale: The promotion of new technologies by development partners and by commercial interests brings with it the need for utility personnel to be able to judge whether or not the stipulated equipment will be appropriate in the Pacific Island environment and can reasonably be expected to perform as expected within the operational context of the Pacific utility receiving the technology.</i></p>	Often new technologies have designs and specifications transferred from outside the Pacific. PICT utilities need to be able to note where there is a requirement to make changes to better fit the island environment.

Actions to achieve the objectives associated with the goal	Comment
<b>Objective 2.2: Capacity building of PPA Secretariat</b>	
<p>Develop and implement a strategy to improve the financial security of the PPA</p> <p><i>Rationale: In order to carry out the Strategic Plan, there must be reasonable assurance of the availability of sufficient financial resources. Although member fees provide a stable income for the basic operation of the Secretariat, most outreach and support programmes to be carried out under the Strategic Plan will require additional funding and must be organised well in advance of the scheduled action.</i></p>	Important; Begin ASAP
<p>Increase professional staffing of the PPA Secretariat through the addition of volunteer or externally supported professionals</p> <p><i>Rationale: A number of development partners have programmes that will provide volunteers, retired professionals or will help fund short term professional positions that can benefit the delivery of PPA programmes. PPA management will determine the scope and availability of the various programmes that are accessible by PPA and will prepare submissions for adding needed short term professional staff to help carry out the Strategic Plan</i></p>	Pursue ASAP
<p>Develop working partnerships through MOUs with CROP agencies and others to better define the scope of activities each will carry out in programmes relating to PICT utilities.</p> <p><i>Rationale: Many energy programmes that directly affect PICT utilities have components that fall under the mandate of several agencies. To avoid programmatic duplication and to facilitate funding of PPA activities under such programmes, PPA will work with the partner agencies to develop an MOU or MOUs that define the activities and budget component specific to PPA</i></p>	Begin discussions ASAP



<b>Indicative Strategies for Strategic Goal 3: Provision of Services to Improve Electricity Supply and Quality</b>	
<b>Actions to achieve the objectives associated with the goal</b>	<b>Comment</b>
<b>Objective 3.1: Improve services to utilities</b>	
<p>Provide independent information on utility issues to ministers and officials through dialogue, provide information or training to utility boards on their roles (including legal implications of membership)</p> <p><i>Rationale: As a neutral party, PPA can provide independent advice to ministers, officials, etc. on a range of matters. Some boards are unaware of their professional and legal responsibilities and outside advice may help.</i></p>	Facilitation by CEOs necessary; country-specific information must be provided to PPA Secretariat
<p>Prepare and provide reports to CEOs on utility-specific PPA activities documenting the value of PPA membership</p> <p><i>Rationale: PPA activities generally provide considerably higher value to utility members than the cost of membership, but governments do not always appreciate this.</i></p>	Preferably annually
<p>Facilitate preparation of proposals for utility projects specific to individual development agency formats and requirements</p> <p><i>Rationale: Requires specialised skills to adapt proposals to the different requirements and formats of the funding agencies</i></p>	Secretariat to obtain the formats from the development partners
<p>Facilitate bulk procurement of equipment and supplies</p> <p><i>Rationale: Standard specifications (for north and south separately) and bulk procurement reduce training requirements, spare parts inventories, possibly shipping costs, and maintenance costs. This can also assist utilities in disaster recovery.</i></p>	
<p>Identify solutions to address the lack of engineers, technical staff and tradesmen including facilitating provision for utilities of volunteer professional staff (e.g. AVA, JICA, KOICA, Peace Corps, etc.)</p> <p><i>Rationale: Reduces effort and costs to determine potential and facilitate through PPA Secretariat rather than individual utilities.</i></p>	Contact the development agencies annually to see what opportunities are available to the Pacific
<p>Facilitate a 'Think Tank' mechanism for responses to utilities, e.g. avoiding bad projects, addressing emerging issues, etc.</p> <p><i>Rationale: There are issues common to a number of member utilities that can be addressed more efficiently through PPA.</i></p>	
<p>Facilitate development and implementation of utility performance improvement programmes based on the 2011 benchmarking studies.</p> <p><i>Rationale: This is meant to assist utilities that wish to use benchmarking but have had difficulty in providing the necessary information.</i></p>	Initial efforts for several utilities planned for 2011

Actions to achieve the objectives associated with the goal	Comment
<b>Objective 3.1: Improve services to utilities (continued)</b>	
<p>Assess extent of utility reliability problems and facilitate improvements and risk assessments for utilities, including risks to utility infrastructure from anticipated climate change</p> <p><i>Rationale: Utilities face increasing risk to infrastructure due to climate change, especially in coastal areas.</i></p>	<p>Requires considerable input from utilities; climate change funding may be available</p>
<b>Objective 3.2: Improve information systems</b>	
<p>Improve and update the PPA website to include an on-line library focused on PICT utility needs, reports (technical and financial) on PPA facilitated studies and links to reliable external information sites relevant to PICT utilities.</p> <p><i>Rationale: Utilities, allied members and development partners will be encouraged to share reports, documents, photos or other materials related to PICT utility operations through the PPA website. PPA staff will be proactive in locating sites of relevance to PICT utility operations and posting links to those sites.</i></p>	<p>Examples include standard pro forma IPP/ PPA contracts, transformer specifications, feed-in tariffs, net metering etc.</p>
<p>PPA will facilitate information gathering and make available to members and development partners reports by utilities on actual experiences with equipment, technologies and methodologies.</p> <p><i>Rationale: Through the PPA website and its sponsoring of meetings and workshops, priority will be given to the sharing of information among member utilities. This will help member utilities from repeating mistakes made by other members and encourage the repetition of successful actions.</i></p>	<p>Requires regular flow of information from utilities</p> <p>Examples include biofuels, DSM, etc.</p>
<p>Facilitate and report on annual performance benchmarking.</p> <p><i>Rationale: After completion of the 2011 benchmarking effort, an annual update will be carried out in order to help utilities track their progress and evaluate their performance for the period since the previous benchmarking exercise.</i></p>	<p>Also encourage utilities to use benchmarking for their regular internal management reporting</p>
<p>Prepare and put on the PPA website the annual reports of utilities including details of tariffs, sectoral energy delivery for specified periods, load profiles, a detailed register of major utility equipment including date of manufacture and installation and other utility data considered relevant and useful by the PPA members and development partners.</p> <p><i>Rationale: An important action by PPA is to assemble and make available to member utilities and development partners the utility data needed for the preparation of projects, analyses and other programmes to support member utilities. PPA must be proactive in gathering the data and in creating a format suitable for its dissemination.</i></p>	<p>This requires considerable input of information from the utilities</p>

<b>Indicative Strategies for Strategic Goal 4: Improving the Financial Sustainability of the Utilities and the PPA Secretariat</b>	
<b>Actions to achieve the objectives associated with the goal</b>	<b>Comment</b>
<b>Objective 4.1: Finance for utilities</b>	
<p>Facilitate utility access to finance. This will include identifying and reporting to utilities on opportunities for soft loans (sources, terms and conditions). Also cover identifying of appropriate opportunities which reduce utility capital finance requirements, e.g. Build-Own-Operate-Transfer, joint ventures, etc.</p> <p><i>Rationale: Utilities in the region do not have the financial capability to fund capital projects. Therefore information needs to be provided to CEOs and utility boards on the costs and benefits of various types of loan finance and other opportunities to reduce capital finance needs</i></p>	<p>Requires regular updating, probably through annual survey of financial agency terms and conditions</p>
<b>Objective 4.2: Support for electricity tariff studies</b>	
<p>Facilitate development of a consistent tariff analysis methodology that is appropriate for the PICT utilities</p> <p><i>Rationale: Utility members have requested that PPA develop a standard methodology for analysing utility operations for the development of tariffs since a methodology and tariff analysis developed by a regional agency will be more likely to be accepted by the various local stakeholders than one developed by the utility or its consultants. Also a consistent methodology will aid in the comparison of costs and tariffs among members.</i></p>	<p>A consistent approach does not mean an identical one for each utility, as requirements will differ</p>
<p>Advise utilities and governments on appropriate tariff levels and structures that will allow the national utility to be sustainable while supporting national social and economic goals</p> <p><i>Rationale: Although the methodology for determining overall tariff levels may be the same for all PICT utilities, each government may have different criteria for tariffs consistent with social and economic development goals. PPA will facilitate the design of tariff structures that will provide for sustainable utility operations while promoting the social and economic goals of government.</i></p>	

## **8. Implementation, Monitoring and Evaluation**











The PPA Secretariat will develop an annual action plan for implementing the strategic plan. This will be submitted to the board at least a month before the annual meeting for its consideration and approval. It will describe activities, timelines for completion and responsibilities (for both the Secretariat and where relevant utilities).

The PPA Secretariat will also develop a mechanism for monitoring and evaluating its activities, including progress in meeting goals and objectives, and the quality of its services. The formats and mechanisms for Implementation and M&E are management functions and are not described in this document.

## Annex: Board Authorization of the Strategic Plan






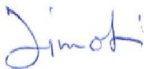




This strategic plan entered into force when it was endorsed by a quorum of members of the board or their representatives. According to PPA's Memorandum & Articles of Association (updated January, 2006), "The quorum for a general meeting shall be ten of the representatives of Active Members of the Association personally present or represented by proxy and being representatives of members in not less than eight of the Member Countries."

We the following members of the Board of Directors of the Pacific Power Association approve the strategic direction for PPA as described in this document:

PPA member utility, name and title	Signature	Date
American Samoa Power Authority for: Ms. Andra Samoa, Chief Executive Officer		8/11/11
Chuuk Public Utility Corporation Mr. Mark Waite, Chief Executive Officer		3 August 2011
Commonwealth Utilities Corporation, Saipan Mr. Utu Abe Malae, Executive Director		3 August 2011
Electricite de Tahiti Mr. Dominique Bayen, General Manager		2/8/11
Electricite et Eau de Caledonie Mr. Francois Guichard, Chief Executive Officer		
Electricite et Eau de Wallis et Futuna Mr. Pascal Louvet, Managing Director		
Electric Power Corporation Mr. Tile Leia Tuimalealiifano, General Manager (Ag)		09/08/2011
ENERCAL (Societe Neo-Caledonienne D'Energie) Mr. Jean Begaud, Directeur General		
Fiji Electricity Authority Mr. Hasmukh Patel, Chief Executive Officer		12/8/2011
Guam Power Authority Mr. Joaquin Flores, General Manager		8/10/11
Kosrae Utilities Authority Mr. Fred Skilling, General Manager		8/18/11
Kwajalein Atoll Joint Utility Resources Romeo Alfred, General Manager		8/10/11
Marshalls Energy Company for: Mr. David Paul, General Manager	 S. J. WAKEFIELD CEO ACTING GM.	8/9/11.

Continued on the following page

We the following members of the Board of Directors of the Pacific Power Association approve the strategic direction for PPA as described in this document:

PPA member utility, name and title	Signature	Date
Nauru Utilities Authority Ms Apisake Soakai, Chief Executive Officer		August 9 2011
Niue Power Corporation Mr. Speedo Hetutu, General Manager		18/8/11
Palau Public Utilities Corporation Ms. Rukibai Inabo, Chief Executive Officer		8/9/2011
PNG Power Ltd Mr. Tony Koiri, Chief Executive Officer		2.8.2011
Pohnpei Utilities Corporation Mr. Feliciano M. Perman General Manager		
Public Utilities Board Mr. Rameka Tikirua, Chief Executive Officer		
Solomon Islands Electricity Authority for: Mr. Norman Nicholls, General Manager		05.08.2011
Te Aponga Uira O Tumu-Te-Varovaro Mr. Apii Timoti, Chief Executive Officer		2/8/2011
Tonga Power Limited Mr. Peter McGill, Chief Executive Officer		18/08/2011
Tuvalu Electricity Corporation Mr. Mafalu Lotolua, General Manager		22 : 08 : 2011
UNELCO Vanuatu Limited for : Mr Philippe Mehrenberger, Managing Director	p/o  Tony Alsob	10/8/2011
Yap State Public Service Corporation Mr. Faustino Yangmog, General Manager		8.3.11



**Pacific Power Association**

Naibati House, Goodenough Street, Suva  
Private Mail Bag,  
Suva,  
Fiji

**Tel:** (679) 3306 022

**Fax:** (679) 3302 038

**Email:** [ppa@ppa.org.fj](mailto:ppa@ppa.org.fj)

**Website:** <http://www.ppa.org.fj>