

Ref: Reg/LEG/02/20/08/037

14th August 2020

Tologata Tile Leia Tuimalealiifano
General Manager
Electric Power Corporation
TATTE Building



Multi Year Tariff (MYT) Annual Review 2020 Order

We wish to extend our appreciation for EPC's patience and cooperation while the Office of the Regulator reviewed proposal for changes in the tariffs for Financial Year 2020/2021. As per Cabinet Directive approval, we hereby issue **Order of the Regulator No.2020/E74**.

In accordance with section 20(5) of the Electricity Act 2010 ('Act'), the Regulator cannot consider an application for changes to tariffs until such time when the licensee has notified consumers of the change in tariff through the media and via an insertion of a notice in bills to consumers.

In view of the above requirement, the Office of the Regulator has allowed for a notification period of fifteen (15) days. As such the effective date of this Order is to be effective **1st September 2020**.

Respectfully,

Fesolai Cecily Faasau Iakopo
ACTING REGULATOR

cc: *Honorable Minister, Afioga Afamasaga Toeolesulusulu Rico Tupa'i*
EPC Chairman, Fiaailetoa Pepe Christian Fruean
OOTR, Management

Attach: *Order of the Regulator No.2020/E74*

Order of the Regulator No. 2020/E74

Multi Year Tariff (MYT) Annual Review 2020

Statutory Obligations

Pursuant to section 20 of the Electricity Act 2010 ('Act'), the Electric Power Corporation ('EPC') has sought approval from the Regulator to implement retail rates charged to electricity consumers for the provision of electricity services. EPC submitted a proposal to the Office of the Regulator ('OOTR') on the 17th June 2020 then later escalated to Cabinet for approval in July 2020.

EPC's proposal sought to change the **tariff structure for Domestic Cash power** tier from current 1-100units (kWh) & 101units and above to a new structure for 1-50units for only low usage consumers whereby only 6000 families will be eligible to the lowest tariff. This means the rest of the Cash power consumers who consume more than 51units per month pay the higher tariff rate. Furthermore, EPC requested to **increase the energy charge** from \$0.42sene to \$0.45sene and fix this rate for the next 5months.

OOTR was requested by Cabinet to review and provide recommendations for consideration and a final decision to be made on EPC's proposal. Due to the COVID-19 State of Emergency Orders, public consultations were not conducted. However, several meetings and correspondences with EPC were done to consult options whereby EPC could sustain costs with minimal profit as well as taking into consideration the challenges encountered in the Economy and end use consumers as a result of the COVID-19 Pandemic.

Therefore, OOTR and EPC finally agreed to provide a joint Cabinet Submission for Cabinet's decision. The Cabinet at their meeting as of 29th July 2020 issued a FK (Cabinet Directive) with the following approvals.

In light of the above, the Regulator makes the following Orders;

Order #1: Tariff Structure

Current tariff classes for Domestic consumers will be changed for the period FY 2020/2021 as follows;

- Cash power two tiers be reduced from [1-100kWh/month&101+kWh/month] to [1-50kWh/month&51+kWh/month]
- Induction all kWh in one flat rate

Order #2: Electricity Tariff rate per unit of electricity

The Electric Power Corporation is permitted to charge the following tariffs from 1st September 2020.

Note the Debt and Usage Charge will change after the term of the Stimulus Package as approved by Parliament.

DOMESTIC	Debt charge	Usage Charge	Energy Charge	Total Tariff
Induction Meters	sene/kWh	sene/kWh	sene/kWh	sene/kWh
All kWh	0.0	0.23	0.42	0.65
Cash Power Meters				
1 to 50 kWh	0.0	0.09	0.42	0.51
51 kWh and over	0.0	0.23	0.42	0.65
NON DOMESTIC				
Induction Meters				
All kWh	0.0	0.28	0.42	0.70
Cash Power Meters				
All kWh	0.0	0.23	0.42	0.65

The Energy charge shall be reviewed by the Office of the Regulator on a monthly basis using this formula with submission of data by EPC:

$\frac{\{[\text{total cost of fuel to generate electricity}] + [\text{total invoice from IPP paid by EPC for feed in power}]\}}{\{\text{total kWh electricity sold to consumers that month}\}}.$

In addition, the EPC, OOTR will work together with the Ministry of Finance (MOF) in particular their Energy Division to ensure the review of energy charge is aligned with the change in fuel price.

Duration of the Order

This Order will expire on the earlier of –

- (a) the Regulator revoking this Order; or
- (b) the making of a new Order by the Regulator with respect to the tariffs, rates or charges for the provision of electricity services by the Electric Power Corporation.

Ongoing monitoring of electricity tariffs

In accordance with the Regulator's functions under section 6 of the Act, the Regulator shall monitor the tariffs, rates or charges for the provision of electricity services by the Electric Power Corporation.

Effective date of the Order

In accordance with section 20(5) of the Act, the Electric Power Corporation shall not charge the above mentioned rates until such time when the Electric Power Corporation has notified consumers of the new tariffs.

The Regulator will allow the Electric Power Corporation **fifteen (15) days** to notify the public of the change.

This Order is effective from the **1st day of September 2020**.



Dated this 14th day of August 2020