

**OFFICE OF THE REGULATOR, SAMOA
DETERMINATION – ELECTRIC POWER CORPORATION (“EPC”) MULTI YEAR TARIFF
REVIEW AND PROPOSAL 2017**

Summary

The Electric Power Corporation (“EPC”) submitted a proposal to the Office of the Regulator on the 7th June 2017 for an Annual Review of its 2016/2017 tariffs. The proposal involves changes to electricity tariffs for the financial year (FY) 2017/2018 and the introduction of a new tariff structure for domestic consumers. Overall, EPC proposes a reduction in the debt charge, increases in usage charges for customers with monthly electricity consumption above 50kWh, and reductions in the usage charge for customers with monthly consumption lower than 50kWh. Total proposed increases in usage charges for FY2017/2018 compared to FY 2016/2017 are as follows:

- 58% decrease for low use domestic cash power customers with monthly consumption of up to 50kWh.
- 62% decrease for domestic induction customers with monthly consumption of up to 50kWh.
- 54% increase for domestic cash power customers with monthly consumption above 50kWh.
- 62% increase for domestic induction customers with monthly consumption above 50kWh.
- 62% increase for non-domestic cash power customers (all kWh)
- 22% increase for non-domestic induction customers for all kWh

A common reduction in the debt charge of 3 sene/kWh is proposed.

After review of the application and consideration of stakeholder input, including from public consultations, the Regulator disapproves the proposed increase in usage charge and tariff structure. The proposed reduction in debt charges is approved.

The tariff is inclusive of an energy charge that may vary on a monthly basis depending on diesel price fluctuations and feed in power capacities of Independent Power Producers (‘IPPs’). The energy charge is subject to review and approval by the Regulator on a monthly basis.

Section 1: Background

As a Government State Owned Enterprise, the Electric Power Corporation was established in December 1972 to sustainably generate, transmit, distribute and sell electricity to the people of Samoa. According to its Statement of Corporate objectives 2017-2020, EPC plays a vital role in the development of Samoa’s economy - “the Power of the Nation”, has a significant impact

on all sectors of the community and aims “to be the cheapest electricity provider in the Pacific Region¹.

To facilitate EPC’s aims, and meet the requirements in the Electricity Act 2010, the **existing tariff structure** was approved under **Order of the Regulator No. 2016/E40** with the following domestic customer categories:

- **Domestic Cash Power 2 tiers** [1-100kWh/month] and [101+ kWh/month] to replace the previous 3 tier structure [1-50kWh/month, 51-100kWh/month and 101+kWh/month].
- **Domestic Induction tariff rates** all in one flat rate to replace a previous 3 tier structure [1-50kWh/month, 51-100kWh/month and 101+kWh/month].

The **rate design** provided low use customers a lower rate and high use customers a higher rate to promote efficient use of electricity. The **three components of the tariff** remained as **Debt Charge, Usage Charge and Energy Charge**.

EPC’s **Financial Performance** in FY 2015/2016 reflected an increase in Net Profit to \$17,137,672 compared to \$11,784,897 FY 2014/2015². This level of Net Profit resulted in EPC reaching its 7% return on equity (ROE) target through its efforts in cutting costs and improved efficiencies. No explicit allowance for ROE was included in the tariff. These positive results were reflected in the reduction of the usage charge component of the electricity tariff approved for FY 2016/2017 compared to FY2015/2016, as follows:

- 37% decrease for low use domestic cash power customers (1 to 100 kWh per month);
- 24% decrease for high use domestic cash power customers (101+ kWh per month);
- 26% decrease for domestic induction customers;
- 33% decrease for non-domestic cash power customers;
- 10% decrease for non-domestic induction customers.

Section 2: Filing from EPC

EPC filed an application with the Regulator on 17 June 2017 that proposed an increase in the electricity tariffs for the subsequent financial year 1st July 2017 to 30th June 2018.

In its proposal, **Electric Power Corporation** requested to retain the existing tariff components, *Energy charge, Usage Charge* and *Debt Charge*, while it proposed changes to the *tariff structure*.

2.1 Tariff Components:

The three components of the tariff are retained for this review, with the changes proposed by EPC regarding Debt and Usage Charge considered in turn:

¹ EPC Statement of Corporate Objectives 2017-2020, p2.

² EPC Audited Financial Statements 30 June 2016.

1. Debt charge

The debt charge is fixed for all customer classes. EPC proposed a reduction from the current 10 sene/kWh to 7sene/kWh based on the following assumptions:

- a. MOF agrees to a full settlement of Afulilo Loan and partial payment of PSEP tranche 1 using outstanding VAGST refunds (\$6.7m in Annual Accounts FY2015, and \$14m in April 2017).
- b. MOF passes the impact of the Loan Buy Down Mechanism to EPC for the benefit of consumers.
- c. The PSEP loan will remain outstanding, with the total of principal and interest to be paid during the year being \$10.6million if assumptions a) and b) apply.

2. Usage Charge

EPC proposed an increase in **Usage Charge rates** for consumption above 50 kWh/month based on inclusion of the following cost items:

- a. All proposed operational costs and capital costs (excluding depreciation³ and exclusive of VAGST).
- b. The new license fee introduced by OOTR, estimated by EPC at \$691,500 based on projected gross revenue from electricity sales.
- c. The VAGST Equalization Charge of \$2.4m imposed by MOF on EPC.
- d. Explicit allowance to allow EPC to earn a 7% ROE.

3. Energy Charge

The Energy Charge (EC) is reviewed every month based on the submission by EPC and the following assumptions were raised:

- a. No change to EPC's zero rated VAGST status.
- b. Average EC for the year is anticipated to be 53 sene/kWh but it is based on actual monthly fuel, lube oil and IPP costs. The rate changes every month with a two months lapsed time.
- c. The EC is expected to reduce due to the completion of rehabilitation works at Alaoa, Fale o le Fee and Samasoni hydropower plants following damaged caused by Cyclone Evan in 2012. The increase hydro availability will provide cost savings to consumers.

2.2 Tariff Structure:

EPC proposes a revised 2 tier tariff structure [1-50kWh, Consumption>50kWh] instead of the current structure [1-100kWh &100+] in place for Prepaid consumers. For Domestic post-paid consumers, EPC currently has a flat rate in place but it is proposing a 2 tier structure [1-50 kWh and >50kWh]. This change will target domestic consumers whose consumption is less than 50 kWh per month to receive a lifeline rate, whereas a slightly lower rate is currently applied for monthly consumption up to 100 kWh.

³ EPC Cost of Service and Tariff Study 2013.

Under the proposal, all other consumers whose consumption is more than 50 kWh per month will be charged a flat rate. EPC's aim is to benefit only those consumers whose consumption is low and really need the lifeline rate, while all other customers will pay for the actual cost of the delivery of electricity services to their homes.

The following table summarise the proposed rates requested by EPC for the next FY 2017/18 compared to the last review period FY 2016/17.

Table 1: Current compared to proposed rates

Details		Current FY2016/17	Details	Proposed FY2017/18
Domestic Induction		\$	Domestic Induction	\$
Debt Charge	All kWh	0.10	All kWh	0.07
Usage Charge	All kWh	0.26	1-50	0.10
			Consumption>50	0.42
Energy charge	All kWh	0.51	All kWh	0.53
Domestic Cash Power		\$	Domestic Cash Power	\$
Debt Charge	All kWh	0.10	All kWh	0.07
Usage Charge	1-100	0.12	1-50	0.05
	100+	0.26	Consumption>50	0.40
Energy charge	All kWh	0.51	All kWh	0.53
Non Domestic Induction		\$	Non Domestic Induction	\$
Debt Charge	All kWh	0.10	All kWh	0.07
Usage Charge	All kWh	0.36	All kWh	0.44
Energy charge	All kWh	0.51	All kWh	0.53
Non Domestic Cash Power		\$	Non Domestic Cash Power	\$
Debt Charge	All kWh	0.10	All kWh	0.07
Usage Charge	All kWh	0.26	All kWh	0.42
Energy charge	All kWh	0.51	All kWh	0.53

Section 3: Consultations

Pursuant to Section 19(4) of the Act, the Regulator is required to conduct consultations with key stakeholders prior to making a decision on setting and changing the tariffs proposed by the applicant. Four public consultation sessions were conducted by OOTR in conjunction with EPC. The workshops included participation from the public and different representatives from major stakeholders including government ministries, state-owned enterprises, village mayors/representatives and women representatives (Sui Tamaitai) from both Savaii and

Upolu. There were also representatives from civil societies and members of the Samoa chamber of commerce and industry.

The Regulator also circulated an Issue Paper with responses and comments provided in written submissions from some stakeholders and industry.

The major issues raised by the Stakeholders are as follows:

1. Cash power
 - Need for more outlets for the sale of cash power (remote areas).
 - EPC to negotiate with Telecom service providers for a free call number for scratch cards.
 - Need for Scratch cards of \$10 that are affordable.
2. Service
 - Need for EPC to provide reliable & efficient quality of service.
 - Need for more Street lights through Community Service Obligations.
3. Independent Power Producers
 - The cost impact of an increasing number of Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs).
4. Losses
 - Stealing of electricity by customers.

The Regulator continues to strongly cooperate with EPC on ways to address issues raised by stakeholders. In fact, the Regulator has already put in place mechanisms to alleviate many of the issues raised by developing ten (10) Key Performance Service Standards Indicators for ongoing monitoring.

For the purposes of this Determination, the majority of bodies and individuals consulted favoured the current tariff structure and do not support the proposal by EPC. Refer to **Annex 2** : Comments from Consultations.

Public consultations held by the Regulator during this tariff review are listed below.

Table 2: Consultation Workshops on EPC Tariff Proposal

No.	Focus Group	Date	Venue
1	Pulenuu and Sui Tamaitai – Upolu	17/7/2017	TATTE <i>Morning session</i>
2	Govt Ministries, SOEs, Civil Societies,	17/7/2017	TATTE <i>Afternoon session</i>
3	Samoa Chamber of Commerce and Industry	17/7/2017	<i>Chamber monthly meeting</i>
4	Pulenuu and Sui Tamaitai – Savaii_1	19/7/2017	EFKS Hall Auala
5	Pulenuu and Sui Tamaitai – Savaii_2	20/7/2017	Apita o Pisaga Hall Salelologa

Section 4: Regulatory Process

Under Section 20 (1) and (2) of the Act, a licensee is required to apply in writing for approval of the tariff amendments, providing the necessary information as requested to support the changes. The Regulator then reviews the application with particular reference to Section 19 (3) of the Act. However, it is the applicant's major responsibility to justify to the Regulator its proposed tariff adjustments.

In the evaluation of EPC's proposal, the Regulator:

1. Examined its underlying assumptions in comparison with EPC's Audited Financial Statements for the FY ending 30 June 2016 and statements of previous FYs.
2. Ensured that the proposed tariffs are sufficient to enable EPC, if operating effectively, to meet its debt obligations, based on information verification from the Ministry of Finance and Ministry for Revenue.
3. Reviewed whether the proposed lifeline rate would ease the burden on low use customers, especially lower income users, in a transparent manner consistent with data from the Samoa Bureau of Statistics⁴.
4. Took into account legal requirement under the Electricity Act 2010, in particular:
 - (1) Likelihood of tariff to recover costs and earn reasonable returns for EPC.
 - (2) Ability of low income households to pay for electricity.
 - (3) Ease of understanding and in its application.
 - (4) Conducting public consultations prior to making decision.
5. Considered the proposal and made a decision to accept, reject or modify the application within 6 months.

4.1 Review and Findings

Sub-sections 19 (1)-(3) of the Electricity Act 2010 ("the Act") requires the Regulator to set all tariffs charged by a licensee taking into account a number of criteria including:

- Ability of licensee to recover its costs with a reasonable rate of return,
- Ability of low income households to pay the tariff,
- Efficient delivery of services,
- Avoidance of price discrimination and
- Ease of comprehension of the new tariff.

It is necessary for the Regulator to consider the following before the requested tariff could be approved:

1. Confirm the link between EPC's revenue requirement and the proposed changes in tariff.

⁴ Samoa Hardship and Poverty Report, Analysis of the 2013/2014 Household Income and Expenditure Survey

2. Determine the expenditures (OPEX and CAPEX) are reasonably estimated and incurred.
3. Consider EPC's reasonable costs and revenue generated from proposed tariffs.
4. Examine the validity of the assumptions underlying the proposed increased in tariffs
5. Identify any key initiatives taken by EPC to improve efficiencies to be reflected in the tariff.

The following sections present the Regulator's recommended rates for the 3 components of the electricity tariff: debt charge, energy charge and usage charge, for the regulated financial year 2017/2018.

➤ **Debt charge**

In seeking verification from the Ministry of Finance, the Ministry has agreed to partially settle the Afulilo loan to the amount of \$9,289,978.95 from the VAGST refund, which was confirmed by Ministry for Revenue. EPC advised that any loan balance that remains after accounting the assessed VAGST refund would then be considered for partial payment under the PSEP tranche. The impact of the **loan buy-down mechanism**, the total amount endorsed to pass down to EPC, is AUD4.827. This amount consists of the total value of the investment available at the end of December 2016 (AUD 3.112m) plus the total actual value of the facility utilised for debt service payment to the end of December 2016 (AUD1.715m). EPC has been asked to seek Cabinet approval of the VAGST offset and the Loan Buy Down arrangement.

Due to verification of the figures provided, **the Regulator approves the recommended "debt charge" for EPC for FY 2017/18 of 7 sene/kWh.**

Table 3: Debt Charge 2015-16 to 2017-18

DOMESTIC	2015-2016	2016-2017	2017-2018
All consumers	sene/unit	sene/unit	sene/unit
All kWh	0.11	0.10	0.07

➤ **Energy Charge**

The Regulator determines the energy charge of **SAT\$0.48sene** as approved through **Regulator's Order No. 2017/E54** to be effective from 1st December 2017.

The energy charge shall be **calculated monthly** using this formula:

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

➤ **Usage Charge**

The usage charge for domestic Cash power customers is currently set with two tiers based on kWh usage per month. The 2 tiers are: 1 to 100kWh and 101 above kWh per month. EPC proposed to decrease this range for Cash power domestic consumers to only 1-50kWh and consumption >50kWh per month.

EPC also proposed the following changes to the usage charge:

- 58% decrease for low use domestic cash power consumption of 1 to 50kWh per month.
- 54% increase for domestic cash power consumption above 50kWh.
- 62% decrease for domestic induction consumption of 1 to 50kWh per month.
- 62% increase for domestic induction consumption above 50kWh.
- 62% increase for non-domestic cash power for all kWh.
- 22% increase for non-domestic induction for all kWh.

In this Determination, the Regulator makes the following findings for the Review of the financial year 2016/2017 and the claim for 2017-18:

1. **Reconciliation of proposed costs with earlier cost outcomes-** The Regulator is concerned that the proposed components of the Usage Charge could not be validated against previously audited costs. EPC has provided audited costs for the 2015-16 FY, expected outturn costs for FY 2016-17 and proposed costs for FY 2017-18 by major component⁵. A near doubling of costs is proposed for FY 2017-18 against expected outturn costs for 2016-17 as indicated in table below.

Table 4: Costs

	2015-16 Audited	2016-17 (est. outturn)	2017-18 (claimed)
Generation costs	9,245,555	15,371,474	16,192,685
Selling and distribution	8,517,629	8,858,301	10,717,139
Administration costs	7,239,977	6,227,659	7,781,759
Capital costs	20,665,811	6,321,717	15,000,450
Return on equity			19,058,004
Equalization charge			2,400,000
License fee			691,500+
TOTAL	45,668,972	36,770,151	71,841,537*

* Other income is subtracted before calculating the usage charge, + - original claim (subsequently revised)

2. **Return on Equity (ROE) 7%:** MPE is currently reviewing the 7% ROE benchmark together with the 50% Dividend requirement for SOEs. However, MPE has emphasized that the ROE benchmark is designed to be achieved through EPC efficiency and not through an increment to the tariff. According to its Audited Financial Statement for FY 2015-16, EPC achieved a 7% ROE. This was clarified by EPC in a letter dated 12

⁵ Data provided by EPC in letter dated 12 September 2017.

September 17, where it stated that it had achieved this ROE based on efficiency measures implemented through its operations and not in the tariff. Therefore, in the past EPC has achieved target ROE levels without a specific tariff increment.

3. **VAGST Equalisation charge:** The Regulator wrote to the Ministry of Finance on 16 August 2017 to clarify the applicability of this charge. In a meeting with the Ministry of Finance CEO and Energy division on 23 August 2017, the MOF CEO clarified that the intention of this charge is for the Government, through MOF, to get a portion of the VAGST refunds EPC is receiving due to the change of its status from VAGST exempt to zero rated. This was further explained in a MOF letter dated 17 August 2017. MOF clarified that this is a negative subsidy to EPC that should not be passed through in the tariff.
4. **License Fees:** The Electricity Fees Regulation 2017 (“Regulation”) is now in effect as per F.K (17) 5 dated 15 February 2017 and is based on the requirement of Part III of the Act. EPC and IPPs are required to pay annual license fees based on 0.5% of gross revenue from electricity sales. The verification of this fee is to be confirmed with Audited Financial accounts; however, EPC has calculated it based on projected gross revenue at approximately \$691,500. This is considered a pass through cost. (Refer to table 6)
5. **Lifeline rate:** EPC proposes the introduction of a “lifeline” tariff for low users (less than 50kWh/month). A key difficulty in its proposal is that EPC has not provided evidence to link low use and low income. Moreover, according to the Act, its proposal is not practical. In a meeting with Samoa Bureau of Statistics on the 29th August 2017, it was discussed that the Samoa Hardship and Poverty Report⁶ provides a broader definition of low income than in other countries due to the valuation of non-cash income (farming, fishing). Two forms of poverty line are defined: a food poverty line at SAT39/person/week and a basic needs poverty line at SAT59/person/week, which includes electricity and transportation. The report estimates that the population in the lowest three deciles spend approximately SAT4.7/person/week on cash power. A key difficulty with the survey data is that it does not provide any means to identify which low use electricity customers are also low income customers. Low electricity use does not mean that family has low income because a family of 4 could be low users but have high income. Moreover, under the Electricity Act, the Regulator should define low income in the case of subsidies being paid by Government. This is not what EPC is proposing, which is cross subsidies between customer categories.
6. **Capital costs:** EPC proposed to include in the Usage charge, total capital costs of **\$15,000,000**. The Regulator sought a breakdown, to which EPC provided amounts for Buildings, Vehicles, Hydro projects with no justification of such projections. Compared to the previous FY, their projections represent an increase of more than 200%. No justification is provided, nor is there clarity of whether this represents capital expenditure from own funds or includes other sources of finance. The lack of justification

⁶ Samoa Hardship and Poverty Report, Analysis of the 2013/2014 Household Income and Expenditure Survey.

reinforces the need for EPC to develop a **Power System Expansion Plan** as required under the Electricity Act 2010 against which capital expenditure proposals can be judged. The development of a Power System Expansion Plan is also critical to promote transparency. However EPC has provided a short term implementation plan⁷ whereby the Regulator has given allowance of these costs, on the condition that EPC will provide a six monthly progress report on the implementation of these projects (starting from the end of December 2017) and that these costs can be met within the current usage charge.

7. **System losses:** It was noted that in EPC’s proposal, system losses are forecast to increase from 10% to 11%. However, in the previous Annual Review, EPC was requested to report on efforts at maintaining system losses at acceptable levels, by increasing efficiencies and EPC’s ability to do so in that tariff period.

In view of the above findings, **the Regulator determines to disapprove the increases in usage charge and recommends retaining the current structure and usage charge rates** as follows:

Table 5: The Regulator’s recommended “Usage Charge” for the FY2017/2018

Structure	EPC Proposal	Structure	FY2016/2017	FY2017/2018
DOMESTIC				
Induction Meters	sene/kWh	Induction Meters	sene/kWh	sene/kWh
1 to 50 kWh	0.10	All kWh	0.26	0.26
>50kWh	0.42			
Cash Power Meters				
1 to 50 kWh	0.05	1-100kWh	0.12	0.12
>50kWh	0.40	101 and above	0.26	0.26
NON DOMESTIC				
Induction Meters				
All kWh	0.44	All kWh	0.36	0.36
Cash Power Meters				
All kWh	0.42	All kWh	0.26	0.26

Section 5: Regulator’s Position

Based on the above review of EPC’s tariff proposal, the Regulator determines:

⁷ Annex 1.

1. The ROE is not a pass through cost to consumers. Instead, EPC is to continue to enhance efficiency in its operations to achieve this performance measure. In addition, given the ongoing MPE review, no change in approach to tariff setting appears justified.
2. VAGST Equalization cost is not a pass through cost given it is VAGST related while the electricity tariff is zero rated. Therefore, it is not relevant to be passed through to consumers.

In addition,

1. In its next filing, EPC is to propose an incentive for non-domestic customers supplied by induction meters who pay their electricity bills in advance. Otherwise, the implementation of the Smart meter project would allow these customers the Cashpower rates.
2. EPC is to action measures to address major outstanding issues raised during Stakeholders consultations.
3. Any agreement or arrangement between EPC and a consumer with regard to unapproved tariffs shall be regarded for all purposes null and void.

Taking into account the Regulator's position to exclude the ROE & VAGST Equalization charge the inclusion of the Licence fees and consideration of all other operational costs, the table below estimates the weighted average usage charge at around \$0.30/sene. This is similar to the current structure taking into account different category user rates.

Table 6: Key components of the Usage Charge

USAGE CHARGE - COMPONENTS	FY2016/2017 (Unaudited)	FY2017/2018 (Proposed)	Average FY2017/2018
Other Direct Costs (Generation Cost)			
Total Other Generation Cost	19,277,112	16,192,685	16,192,685
<i>Total Other Generation Cost\$/kWh(net generation)</i>	0.14	0.11	0.11
Selling & Distribution Cost			
Total Selling & Distribution Cost	11,908,618	10,717,139	10,717,139
<i>Total Selling & Distribution Cost \$/kWh (net generation)</i>	0.09	0.07	0.07
Administration Cost			
Total Administration Cost	6,285,650	7,781,759	7,781,759
<i>Total Administration Cost \$/kWh (net generation)</i>	0.05	0.05	0.05
Fees & Charges for Govt. Entities			
OOTR - Licence Fees		691500	691500
MOF- VAGST Equalization charge		2400000	0
Total Fees & Charges for Govt. Entities		3091500	691500
<i>Total Fees & Charges for Govt. Entities \$/kWh (net generation)</i>		0.02	0.00
ROE Requirement -7%ROE (Total Equity \$270.5million)		19058004	0
		0.13	0.00
Other income		-5233811	-5233811
		-0.03	-0.03
Capital Expenditure			
TOTAL CAPEX	12,000,000	15000450	15000450
<i>Capital Expenditure \$/kWh (net generation)</i>	0.09	0.1	0.10
Total Usage Charge Costs\$	49,471,380	69,699,226	45,841,222
Net Generation (kWh)	138431616	151238028	151238028
Total Usage Charge Rates \$ /kWh (net generation)	0.37	0.44	0.30

Section 6: Determination

1. The Regulator determines a total reduction of 3 sene/kWh on all 'end-use' customer tariffs for the financial year 2017/2018 based on a reduction in the debt charge.
2. The tariff is inclusive of an energy charge that is assessed by EPC on a monthly basis and which may vary depending on diesel price fluctuations and feed in power capacity of IPPs. The energy charge is subject to review and approval of the Regulator on a monthly basis.
3. The Regulator determines the following tariff rates for Financial Year 2017/2018.

Table 7: Approved Tariffs for 2017-18

DOMESTIC	Debt charge	Usage Charge	Energy Charge	Total Tariff
Induction Meters	sene/kWh	sene/kWh	sene/kWh	sene/kWh
All kWh	0.07	0.26	0.48	0.81
Cash Power Meters				
1 to 100 kWh	0.07	0.12	0.48	0.67
101 kWh and over	0.07	0.26	0.48	0.81
NON DOMESTIC				
Induction Meters				
All kWh	0.07	0.36	0.48	0.91
Cash Power Meters				
All kWh	0.07	0.26	0.48	0.81

The Regulator in consideration of all factors, including information discovered during this review, hereby issues **Order No. 2017/E54** with regards to EPC's proposal of June 2017.

Signed and Dated 9th November 2017



Lefaoali'i Unutoa Auelua Fonoti

REGULATOR

ANNEX1: EPC Capital Cost Implementation Plan

	Capital Asset - Proposed for FY2017/18	Amount	Timeframe/Comment
1	Buildings		
	Faleolefee Attendant House	60,000	To be completed by December 2017
	Vehicle Garage	80,000	To be completed by February 2018
	EPC Main Office - Vaitele	2,000,000	Undertaking planned layout of building and to be tendered out by January 2018
2	Water Tanks - Fiaga	1,741,250	Tender scope for additional Fiaga Water tanks to be ready for advertisement by end of month
3	Vehicles & Heavy Duty Machinery		
	Heavy Duty Machinery		
	2 Excavators - Upolu & Savaii	990,000	Tender Document to be finalized by end of this month then advertise for 2 months then award by January 2018
	Hi-ab Truck - Savaii	350,000	Tender Document to be finalized by end of this month then advertise for 2 months then award by January 2018
	Vehicles - Replacements as per Board approved policy	1,150,000	Tender Document to be finalized by end of October 2017 then advertise for 2 months and award by February 2018
4	Distribution Lines & Street Lights		
	Underground Project - 4 lane Vailoa to Saina	1,500,000	To commence in October 2017
	Line Extensions & Street lights	2,045,000	Started in September 2017
5	Furnitures & Equipments	358,200	Procurement of needed equipments and furnitures commenced in August 2017 and to be completed by March 2018
6	Hydros Projects		
	Access Roads-Faleole Fee, Lotosamasoni & 3 new Hydros	1,340,000	Contract award approved by Board of Directors. Awaiting Tender Board approval for construction to start
	Land taking - Lotosamasoni, Faleole Fee & 3 new Hydros	1,440,000	Preparatory work started and to be completed by April 2018
7	IT Systems, Legal Servers & Equipments		
	New Financial System & Backup	300,000	Approved by Board - Meeting of September 2017 Implement by March 2018
	New Backup for all systems (not just the prepaid sys)	500,000	Implement by April 2018
	New Servers & Licensing	780,000	Implement by March 2018
	IT Tools & Equipments	366,000	Purchase of tools & equipments commenced and to be completed by November 2017
	TOTALS	15,000,450	
	New Board Approvals - FY2017/18		
8	Smart Meter Project - Due to JICA funding not being extended	USD 1.5million	Board approved on 7th September award of project and funding by EPC due to JICA funding not being extended. Awaiting Tender Board approval and Implement by January 2018
		SAT\$3,851,685	
	Capital Works - Continue from FY2016/17		
9	Alaoa Bridge Construction	SAT\$1.2 million	Approved by Board in April 2017. Construction works to commence in October 2017
10	Heavy Duty Equipments - Vaitele	SAT\$1.1 million	Approved by Cabinet in June 2017. Crane Truck and EPV Truck for Vaitele Distribution to be delivered by December 2017
	OVERALL TOTALS	21,152,135	

ANNEX 2: Comments from Stakeholder Consultations

UPOLU CONSULTATIONS			
Date: Monday 17th July 2017 VILLAGE MAYORS & WOMEN REPRESENTATIVES (TATTE Conference Room - Morning session)			
PULENUU/SUI TAMAITAI/SUI O NUU	Questions/Issues/Comments/Feedback	EPC Responses	OOTR Responses
Fanualelei – Falefa	Price and budgets for the FY17/18 – totally agree and nothing we can do about it now. Fully support and agree with EPC proposal. Go as it is now – things don't go smoothly they go up and down.		Regulator: Reminds and elaborates that OOTR looks at fairness and accuracy of EPC proposal for tariff.
Pulenu'u – Lalomauga	Agrees with Falefa pulenuu – agrees with EPC proposal		Comments noted
Aleipata – Lalomanu	2016 – to continue with fy16/17 and go with this tariff Do not increase the tariff EPC to take actions slowly and consider the ability of other families that are struggling to buy electricity.		Regulator: explains new changes imposed and reasons for the increase in tariff.
Tuiavi'i - Tiavea	Takes comparison in sources for electricity (hydro, solar, diesel..) -Notes the need to decrease the use of diesel -businesses pass their usage of electricity to consumers -disagrees with the consumer price of electricity with that of businesses hammer is on the consumer with this 32c increase (consumers take the burden) -disagrees with EPC rates -though supports the 7% ROE inclusion		Comments noted
SimanuTusaniReti - Savaia	Suggests EPC to consider decreasing the price of electricity; Notes concern with the decrease in CSO; Disagrees with decrease in CSO proposed; Solar not helping, increases power price and suggest to reconsider the use of solar	Sofia (EPC): Use of solar is like a back-up storage; Diesel generated power is used when no sun or storm; Solar is used first while we can and are all subject to agreement of IPP and EPC (PPA)	Regulator: Elaborates there is no law or right of OOTR to interfere with CSO budget or CSO of EPC. It is budgeted by MOF.
Misi – PaepaelaSamea	- no help for the public (leai se fa'amamaavega) - most use of electricity is Govt, SOE + businesses - hammer should be on these organisations for their usage - consider the low income earner with these new rates	Sofia (EPC): Low income earners are factored into these budgets and plans	Regulator: Reminds that Govt raises if they want to. OOTR is to review on correctness and relevancy base on EPC works.

Pulenu'u – Faleapuna	-MWCSD have listed and identified low income earners (lima vaivai) families -VAGST increased through Govt/SOE/businesses usage -100 families in village – half have water cuts due to cannot afford – that can be used to identify low income earners		
Sui Auai	-hammer should be on Govt/SOE/businesses		Comments noted
Papauta	Happy with proposed tariff At least is not more than a \$1 Supports EPC proposal		Comments noted Regulator: Reminds other factors that can cause spike in power usage and causes expensive in power Example: wiring of house
Sui Auai	-Expensive-the proposal is expensive -companies and business higher usage is causing the power to be expensive -Happy with proposal – can't do much about it but just notes it is expensive.		Comments noted
Finau – SafaatoaLefaga	-Teena (disagrees) -excuse is always given on price of diesel -complains on power outage 4x in last 2 months -poor service of EPC	Reminds that when power is out it is because of maintenance works. Also take into account when car crashes into pole.	
Malaga - Falevao	Supports proposal -one concern is on low income earners -notes high usage is mainly companies/govt -burden should be on companies and deduct 1sene from consumers (total of tariff impose should remain		Comments noted
Seumanutafa - Eva	-assets sabotaged – costs are included in tariff -compares proposed rates with current rates		
Suitamaitai – SamusuAleipata	Agrees with EPC proposal on new rates -concerns that increase if increase in tariff for companies, companies will in turn increase the price of their goods and services – expensive living		There are other laws regulating the price of goods and services – if increase in tariff for electricity for companies...it will not cause companies to increase the price of their goods. Please be clear on this. There are specific legislations for price of goods/products.
Date: Monday 17th July 2017 Government Ministries, State Owned Enterprises and Samoa Chamber of Commerce (TATTE Conference Room - Afternoon Session)			
Ministries/SOEs/SCC/Industry	Questions/Issues/Comments/Feedback	EPC Responses	OOTR Responses
Percival	-zero rated VAGST or Exempt - exempt paid by EPC reimburse by Govt - selling and distribution cost -CSO lower income to pay - Lower incomes – CSO The proposal does not make sense	It is not added in the tariff Reimburse by Government CSO is funded by govt for low incomes It is up to govt how much they want to allocate to us for CSO Tariff to include CSO been reduced (reduced CSO causes tariff to increase) EPC has its obligation as a commercial entity to fulfil	CSO has been decreased therefore decrease also in units to afford in the new tariff Comments noted.

Susana - NHS	-44 sene proposed usage charge Concern is for central services that are not revenue oriented -any specific tariff charged for essential services like NHS		NHS is exempted – essential services
Percival	IPP provides density of production. Uncommitted funds of \$14million – would like to see some efficiency of use of funds		Restructuring – outsourcing of tasks/sectors Looks at increasing supply of kilowatts with renewable resources (Piu, Rivers etc) Supply in remote areas Looks at village resources to increase supply in electricity
Member	Looks at induction meter operations -proposed that induction rate is higher than cash power – suggests to consider equalizing induction and cash power as there is no difference in the rating system imposed. Notes the no need to read the meters. Notes the fees for reconnection of meters is 4x – this is a burden	There is still a need for the men to come in and read the meters Comments noted.	
Tile - Ahliki	Agree with proposed charges -renewable energy – faamalosia le faaaoga o systems in place – Solar Power system - talosaga – waive tax for renewable energy for materials used for producing electricity		Regards to tax – it is not in OOTR control but of cabinet (govt) -efficiency of QoS (quality of service) – there are standards agreed with EPC on carrying out works -notes there are a lot of improvements form fy15/16 and other considerations for EPC works -notes disconnection occurrence rate – other factors
Airport Authority - person did not even speak loud and clear	Electricity bills increases and increase in debt to EPC		Asks – doesn't your authority factor or budget in these expenses for next financial years? Comments noted.
Roger - MCIL	To EPC – any discussion with MOF to why a decrease in CSO- this is why tariff has increased		Honestly, no discussion with MOF in regards to this decrease in CSO (no MoF rep to assist in responding)
Brigitta - MAF	Any formal analysis on average income for affordability of a consumer?	No intense analysis on consumer capability General consumer –assistance need – is under 50 units	Regulator: When EPC puts in proposal for tariff and specific information needed or relevant have been withheld, OOTR has right to do assessment and review on the whole proposal Under electricity act it does not define low income earners; OOTR obtains and works with SBS to verify low income earners.
Elita - MPE	7% ROE is a requirement under Public Trading policy -it is like an interest put into concept for all the Govt funds used to pay for EPC assets. Return on investment It not a legislation but a policy Should be based on ability and nature of corporation operation. ROE 7% is under review – may increase or decrease and it will be consulted on a case by case scenario on nature and ability of corporation; EPC to not only focus of meeting this 7% but also meet its obligation to the public as we are all customers		Regulator: EPC will discuss with MPE to discuss on a reasonable ROE. Comments noted.

Percival	This return on equity – what is this basis of equity for the ROE?	ROE on Total Equity	
Vanda Faasoa – Renewable Energy MNRE	Regarding Tile's comments: There is a change in the Act – amendment that is to include raw materials for renewable energy under tax exempt.		Su'a: Comments noted
Regulator	Explains that the 0.5% license fees to OOTR -reviewers for fees + OOTR works carried out.		

SAVAH CONSULTATIONS

**Date: Wednesday 19th July 2017 VILLAGE MAYORS & WOMEN REPRESENTATIVES (EFKS HALL AUALA)
(TAGA – ASAU)**

<i>PULENUU/SUI TAMAITAI/SUI O NUU</i>	<i>Questions/Issues/Comments/Feedback</i>	<i>EPC Responses</i>	<i>OOTR Responses</i>
AUALA Sui o Nuu - Alofia	<ol style="list-style-type: none"> Does OOTR or EPC have any power to control induction meters? Fully support cash power but opposed on the use of induction meters. EPC and OOTR should put a stop on using induction meters because of more money spend. 		<ul style="list-style-type: none"> At the moment there is no legislation under EPC Act 2010 to put an end to the usage of induction meters. The OOTR and EPC will consider the issue and work on the usual process. Carry out monitoring, surveys and reviews to make changes whether induction meter users should change to cash power.
SATUIATUA Pulenuu - Matamaga Leta	<ol style="list-style-type: none"> Agree on the 0.07 sene reduction on debt charge proposed by EPC. What was EPC's future view and expected tariff given the actual revenues? Given new factors such as license fees of \$6million and the 7% ROE to the government through MOF what was EPC first considerations on tariff change before these factors were key in. 	<ul style="list-style-type: none"> It is a must for all company to pay license to generate which is why EPC has to pay this fee. The half million and 7 % mentioned will be given to government in the next financial year 2017/18 OOTR has the power not to include those factors in or not. 	<ul style="list-style-type: none"> It is not \$6million its half million (\$691,500). Before OOTR was established, EPC had the authority and power to change the tariff at any value. When OOTR was given the authority to regulate EPC, changes to tariff were being monitored and approved. The 7% paid by EPC and other public bodies such as LTA, is given to government to provide public goods and services for the public.
FAGASA Tuitama Jessie	<ol style="list-style-type: none"> He used cash power and has one cash power meter used for four houses (his business). He proposed whether EPC can provide another cash meter because there are four houses used to run his business. How many cash power meters for businesses to run? 	<ul style="list-style-type: none"> Noted down the question and EPC will look into it. 	
AUALA Malaeolema Alipia	<ol style="list-style-type: none"> There are solar panels at Faleolo that I always hear about on the radio, where about of Faleolo is it located? 		<ul style="list-style-type: none"> It's nearby Faleolo international Airport on the left side on the way to Apia. There you see solar panels that cover almost an acre.
AOPO Leoia	<ol style="list-style-type: none"> Is there any way EPC can eliminate the issue of power being shut down without any notice? 	<ul style="list-style-type: none"> If there are any works that needs to be done by EPC, we always notify the people first on the radio and TV 	

	8. There are parts of our village that does not have power. Does EPC have any help on this issue?	<p>before EPC maintenance people starts their work.</p> <ul style="list-style-type: none"> For the people that do not have electricity they need to write a letter to EPC and proposed for this matter. However, the MOF is approving only \$2million for CSOs in this FY2017/18. 	
AUALA Moeula Tuimauga	9. It is far for us to buy cash power from the only shop that sells cash power in our village. Is there any other way EPC can implement to provide easy ways for us to buy cash powers?	<ul style="list-style-type: none"> Noted the issue and EPC will look into it and try to address it. 	
SAMATA I UTA Tui Samoa	10. We only buy cash power from Salelologa because we do not have it in our village shops and other villages close by. Could EPC have it either cards or receipt in any of the shops in our village or our neighbours' stores in other villages?	<ul style="list-style-type: none"> Note it and EPC will take into account and try to address this issue. 	
SATAUA Faamoe Toma	11. Would be great if the tariff should be declined. Given that the tariff is still under review, would appreciate it if EPC could supply power back for the street lights that goes to the hospital.	<ul style="list-style-type: none"> Noted and EPC will take action as soon as possible. 	
AUALA Rev. Fa'auuga Pula	12. Under three components of Tariff can EPC/OOTR elaborate more on the Debt charge component?		<ul style="list-style-type: none"> For the FY2017/18, MOF has approved only \$2million from the \$4million set aside for CSO. This is another key in factor which caters to the increase in tariff.
AUALA Vaofonu'u	<p>13. According to the Electricity Act the factors considered when setting tariffs includes the requirement which is easy to understand and apply. However, the supply of cash power in the post office was limited, no \$10 or \$20 which is most affordable. Can EPC look into this?</p> <p>14. People changed cash power meters and steal the electricity (units).</p> <p>15. Electricity is not being used wisely, seeing the street lights at Leauvaa which is always switched on.</p>		<ul style="list-style-type: none"> EPC is working on alleviating this issue by trying to cater for this service. EPC is implementing investigations on this issue (stealing electricity). People must ensure that these issues must be known by EPC.
SAMAUGA Latu Vai	16. Could EPC provide one pole in front of my house because when water is off at night people tend to walk to use the pool beside my house?		<ul style="list-style-type: none"> The best option is to apply by writing a letter to EPC for the matter. The easiest way is through your district representative (minister or member of parliament)
AUALA Sui o le Nuu	<p>17. The multiyear tariff proposed indicates that EPC has no love for the people. Is there any way EPC can provide electricity poles for the families living far away from alienated areas.</p> <p>18. Does OOTR have any power to eliminate the use of induction meters as EPC mentioned they are the ones that mostly stole electricity?</p>		<ul style="list-style-type: none"> Penalties have already been assigned on these problems according to legislations.
TUFUTAFOE Seuulamanu	<p>19. No one could ever repay the work done by EPC over the years.</p> <p>20. Noticeably, the main reason why the tariff increase is the money paid to solar suppliers (IPPs).</p> <p>21. Applied for road lights and it has not been done yet.</p>	<ul style="list-style-type: none"> EPC does not have enough kWh produced from diesel which is the reason why we paid IPPs to supply solar. 	<ul style="list-style-type: none"> Government also looked at the negative result of using diesel generation which is gas omissions. Health concerns on the people for using diesel to produce and generate electricity. This is why EPC has opted for renewable energy as another alternative.

		<ul style="list-style-type: none"> Projected assumptions by the government if the cost diesel in the future increased, the government have other alternatives such as renewable energy (solar, hydro, wind...etc.) 	
ASAU Moefaafo	22. There is no understanding on the usage of cash power units, however the people is yearning for an affordable tariff.	<ul style="list-style-type: none"> No comments. 	<ul style="list-style-type: none"> OOTR is working on its tariff review now the rates and the structure has not been confirmed yet.
AUALA Tapuloa Faavesi	<p>23. Why is the tier structure changing from 1-100 units to 1-50 units?</p> <p>24. Why can't EPC build poles/road lights all the way to the plantation area that has already been settle by the people of Auala?</p>	<ul style="list-style-type: none"> EPC has made surveys and assessments and reported that more people used cash power of below 50 units. Thus, the current proposed tariffs is not yet approved but leave it with OOTR for their review and monitoring for the results. Apply and request to EPC by writing a letter regarding the matter. 	
AUALA Matamea	25. Prefer the tariff and structure we have now or reduce it further.	<ul style="list-style-type: none"> Changes will be made whether the tariff is going to rise, decrease or remain unchanged according to stakeholders view and OOTR's review. 	<ul style="list-style-type: none"> Feedback noted leave
Sui Auai	<p>26. By looking at the Pie chart, could EPC explain further on the solar that they supply?</p> <p>27. Is the water at Vailoa included in this?</p>	<ul style="list-style-type: none"> Since EPC could not depend on EPC solar, the government intended to buy solar from IPPs for enough solar to be supplied. However, EPC is also informing and requesting the huge rivers in the villages such as Sili to implement these hydro generation projects. Vailoa village already agreed and has given approval for EPC to work on this big project. 	
AUALA Salesa Falefatu	<p>28. Some people mentioned for cash power there are more units of the card than receipt.</p> <p>29. Requested a \$10 cash power card.</p>	<ul style="list-style-type: none"> Information is wrong There is only one tariff for cash power users. 	
AUALA Ola	30. Expressed gratitude to both OOTR and EPC for their presentations. Well understood about the proposal, totally agree and support it.		
AUALA Sui	31. Continued with the current tier 1-100 units		<ul style="list-style-type: none"> Comment noted
AUALA Faafeagaiga Fa'auuga	32. Generation mix chart illustrated that 12% is from Solar. Requesting and propose to EPC if they are interested in building solar panels in our village because it's almost sunny throughout the whole year.		<ul style="list-style-type: none"> There is a company from Australia expected and willing to build and provide solar if their application is a success.
Date: Thursday 20th July 2017 – VILLAGE MAYORS & WOMEN REPRESENTATIVES (APITA O PISAGA) (SALELOLOGA)			

Organization	Issues	EPC Responses	OOTR Responses
SALELOLOGA Sua Mataafa Amani	1. Before, EPC mentioned that introducing IPPs will help reduce the tariff but according to the assumptions and the data provided there is more cost for paying these power producers? This factor has also push the tariff higher, so I recommend EPC to keep knocking and ask those villages' with huge rivers and waters to be utilised in order to provide electricity. This might help reduce tariff.	<ul style="list-style-type: none"> Noted the feedback and recommendations. 	<ul style="list-style-type: none"> At the moment, EPC is on core for these projects and expects to start off with the huge rivers at Vailoa Palauli to run their project (hydro generation).
SAPAPALII Fono Mapu	2. How would limit the use of cash power? How to control the units used? 3. Could EPC take away the poles or street lights from the alienated areas and locate it to the areas where most people settle?	<ul style="list-style-type: none"> There is no limit in utilising the units. Power usage depends on the electric equipments (refrigerators, kettle...etc.) More units you used more units you will buy Thanks for raising this issue but EPC is working on it. 	
LALOMALAVA Lina Veve	4. Agreed to cash power (adequate service and product) 5. Support the new proposal by EPC	<ul style="list-style-type: none"> Thanks for the feedback 	
SILI Susana Fa'aola	6. Support and Agreed to EPC's new tariff proposal for the next financial year.	<ul style="list-style-type: none"> Noted the feedback 	<ul style="list-style-type: none"> Noted and thanks for the feedback
SALEVAO Laveletoa Salemaea	7. Agreed to the current tariff and ask to remain it unchanged.	<ul style="list-style-type: none"> Feedback noted 	
PULENUU Moliola Toto	8. Support EPCs proposal because there are so many services that EPC needs to be done and improved.	<ul style="list-style-type: none"> Noted the response. 	
SILI Pulenuu	9. Maintain to the current tariff not to change.	<ul style="list-style-type: none"> Response noted 	
SUI O LE MALO Faumuina Aviata	10. Yes to the proposed tariff by EPC 11. EPC should have regulations on the stolen electricity (units)		<ul style="list-style-type: none"> EPC already has legal obligations on these issues and there are harsh penalties for these restricted matters
IVA Seve Lupe	12. Yes to the new proposed tariff by EPC		
SALEVAO Faalupele	13. Yes to the new proposed tariff 14. What is the number of families to be considered in order for EPC to provide a pole or roadside light?	<ul style="list-style-type: none"> Since MOF only approved the \$2million for CSO, it is now difficult to cater for these proposals (roadside lights) by the public. However, you still have to request in the form of a letter with other families for this scheme. 	
SAIPIPI Tofa Ueta	15. Consider and agreed to the new proposed tariff.		<ul style="list-style-type: none"> Leave it to OOTR for their review, if the tariff is high then will reduce it down but if it's too low, will slightly raise it to an average level.
LALOMALAVA Vaaelua Taunuu	16. Agreed and yes to the new proposed tariff 17. Requested roadside lights for their village 18. What is the difference on the units when buy cash power?	<ul style="list-style-type: none"> Noted 	<ul style="list-style-type: none"> Request and proposed by writing a letter to EPC for the matter The changes occurred due to the energy charge every month
SALELOLOGA Lauaki Folatau	19. Yes to the new tariff proposed since there's no VAGST paid.	<ul style="list-style-type: none"> Noted 	

VAITOOMULI Leituala	20. Also agreed to the proposal 21. Enforce and put heavy penalties on those who steal electricity because this is another cost to EPC	<ul style="list-style-type: none"> Noted 	<ul style="list-style-type: none"> As mentioned before, EPC already set heavy penalties on these matters.
FAGA Tamasoalii	22. Could EPC clearly explain the assumption on Slide 5	<ul style="list-style-type: none"> At the moment EPC is undertaking assessments and surveys on the work that is needs to be done. As mentioned before, if there is only one family requesting for a roadside light then it will not be granted. It will only be done when there are five or more families situated within that area. 	<ul style="list-style-type: none">
FAGAMALO Lepo	23. Satisfy and agreed with the proposal.	<ul style="list-style-type: none"> To assist EPC with payment of debts for the Power Sector Expansion project (Fiaga) as well as the Afulilo Hydro. EPC is currently working on renovations of other Hydros i.e. Safata, Faleata, Sili and Faleseela. 	<ul style="list-style-type: none">
SUI AUAI	24. Agreed to the new proposal but just a request to EPC on their enforcement with regards to those people stealing electricity	<ul style="list-style-type: none"> As mentioned, EPC already set penalties for these matters 	<ul style="list-style-type: none">
VAISAULU Simona Liuliu	25. Yes to the new proposed tariff.		
VAILOA PALAULI Mataafa	26. Accept EPCs proposal 27. The village also agreed and accept EPCs proposal to use the huge river for hydro generation		<ul style="list-style-type: none"> It is expensive to produce electricity from solar which is why EPC asked to use these huge rivers for the purpose of reducing costs and lower the tariff

STATE OWNED ENTERPRISES & PRIVATE SECTOR ORGANIZATION

INFORMATION PAPER COMMENTS

<i>SOE's & PSO</i>	<i>COMMENTS/ISSUES/RECOMMENDATIONS</i>	<i>EPC Response</i>	<i>OOTR response</i>
Samoa Chamber of Commerce	<p>EPC proposal 2017/2018 reflects an overall increase in electricity tariff rates for FY2017/2018 due to new obligations. Notable contributors to the changes are: EPC's recommendation for a two tier structure (0-50 units & consumption >50 units) instead of the current 2 tier for domestic consumption only, in consideration of the low income households; Breakdown for the Debt Charge tariff component includes EPC's commitment to paying its loan PSEP; EPC currently buys electricity from 3 IPPs that are included in the generation mix forecast contributing to the breakdown of the proposed Energy charge tariff rate; Overall proposed tariff rates include 7% ROE as required from SOEs, license fees to OOTR, fees to MOF and VAGST equalization charge. Also noted is EPC's CSO budget cut from \$4 million to \$2 million for FY 2017/2018.</p> <p>Chamber advises the OOTR to revise all three charges and the components that make up for the so called charges whether they are justified and reasonable. The breakdown of what constitutes to the three charges should be transparent and reflect the cause that these charges intend to cover.</p>		

	<p>Sufficient information for proper analysis and review of the proposal is crucial. Information on fees that EPC is required to pay to the Ministry of Finance for instance, should be readily available for transparency. Internal operational inefficiencies including the frequency and quality of EPC service should also be taken into account as these are crucial contributors to the maintenance and management of EPC's service to its consumers.</p> <p>Chamber requests that the outcomes of OOTR's review be timely available for the business community and the public's information.</p>		
Office of the Attorney General	No comments and also wrote they were not in a position to attend the consultation		
National Health services			Yet to have received the comments indicated in their letter 4th July 2017. (Finance and Legal Divisions are compiling the components)
Samoa Law Reform Commission	No comments raised.		
Samoa Tyre Recycle Limited (STR) - (Pacific Energy Solutions)	<p>Under compassionate grounds for the whole country, we suggest to not change the classification of cash power meter 1-100 units, 100 units and over, respectfully at 0.73 and 0.87 per kwh. This is reflective most Samoans within this bracket currently face financial hardship as it is. An increase to this bracket would worsen their financial plight directly and indirectly through increased pressure from the knock on effect on increased cost of goods and services as a result of higher energy prices.</p> <p>STR seeks a complete breakdown in the Energy Charge be shown in two (2) classification components: Diesel and Solar. This factual breakdown will help clarify to the public, reasons why the Energy Charge is being proposed for an increase and to offer transparency and accountability by the EPC to the general public.</p> <p>As stated on pp.4 s (2) "Usage charge covers operational and capital costs, and Energy Charge with injection of renewable energy electricity generation." Again, classifying the diesel and solar components needed.</p> <p>The proposed overall (median) increase in the tariff is unjustified given the reduction in loans and the shift to renewable energy as in the past the EPC has used the repayment of loans as justification for the increase of the tariff price, whereas now it appears that the majority of the increase is centred in the Energy Charge. This inconsistency needs some explaining.</p>		

Annex 3: COMMENTS ON DRAFT DETERMINATION & DRAFT ORDER

STAKEHOLDER'S COMMENTS & FEEDBACK	
MINISTRIES/SOEs	Comments and Feedback
Samoa Law Reform Commission (refer letter 24 th October 2017)	<ol style="list-style-type: none"> 1. Oppose EPC's proposed 2 Tier Tariff Structure but retain the current structure (1-100 units & 101+ units): Do not support EPC's proposed 2 Tier tariff structure (1-50 units and consumption >50 units) as consumer profile shows that 54% of the domestic consumers fall within the consumption >50 units bracket, which means that if implemented, the new structure will have a huge financial detriment on this significant portion of electricity users in Samoa; 2. Oppose increase in the usage charge: we also do not support the increase in the usage charge component of the tariff, again as this will impact greatly on the low end income earners' financial difficulty either directly or indirectly through increased cost of goods and services as a result of higher energy prices. 3. Thanks OOTR for the opportunity to comment on the review.
Central Bank of Samoa (email 23 rd October 2017)	CBS has gone through the review and advice no comments.
Ministry of Agriculture and Fisheries (Letter 27 th October 2017)	Congratulate the OOTR for completion of the draft determination and confirmed no further comments.
Office of the Electoral Commissioner (email dated 24 th October 2017)	Congratulate OOTR for the draft determination and Order and confirmed no comments
Samoa Prisons and Corrections Services (email dated 23 rd October 2017)	Congratulate OOTR for completion of Review confirmed no comments and indicated complete agreement with the Draft Determination and Order.

ANNEX 4: COMMENTS FROM EPC & OOTR's RESPONSE

<i>Major Issues</i>	<i>EPC Comments & Response</i> <i>Reference to Letter (1st November 2017) – Refer to OOTR's letter 20th October 2017 and Draft Determination Order</i>	<i>OOTR's Response</i> <i>Reference to Letter (3rd November 2017) and response to EPC letter dated 1st November 2017</i>
1. <i>Debt Charge</i>	<ul style="list-style-type: none"> ➤ The debt charge of 7 sene was proposed base on agreement from the Ministry of Finance for early settlement of the Afulilo loan and loan buy down mechanism. EPC has provided the submission for Cabinet consideration of the early settlement of the Afulilo loan as required by the Ministry of Finance. As of now, no decision has been made on that submission. The decision of Cabinet would have an impact on the actual loan repayments including the actual interests to be paid for the year. 	<ul style="list-style-type: none"> ➤ The onus is on EPC to take ownership of its proposal, and ensure that it can be implemented. All necessary decisions should be taken and approvals received prior to submission to reduce the risk of future tariff shocks to customers.
2. <i>Energy Charge</i>	<ul style="list-style-type: none"> ➤ We note the formula to be used for calculation of the Energy Charge as follows: <i>(Total cost of fuel and lube oil to generate electricity) + (Total invoice from IPP paid by EPC for feed in power) / (total kwh electricity sold to consumers that month)</i> Given the occurrence already experienced with contributions from one IPP company not being considered in the EC calculation for August, we wish to draw your attention to the shortfall in revenues to cover the actual costs should this formula not be followed. 	<ul style="list-style-type: none"> ➤ The issue of IPP invoices has been clarified in our letter of 10th October 2017. EPC should not be making IPP invoice payments except where approval is issued by the Regulator in its monthly energy charge Orders. Furthermore OOTR will not include any invoices as part of the tariff calculation if the PPA has not been approved.
3. <i>Usage Charge</i>	<ul style="list-style-type: none"> ➤ This component is to cover all cash operational costs of the corporation and capital costs. We note that the Regulator's exclusion of the ROE requirement on the tariff and for achievement of that key performance indicator to be driven solely by efficiencies. We support this given EPC's objective of affordable electricity for our consumers however, there is also a risk if the quality of our work is compromised to cut costs. ➤ On the Equalisation charge, we do not understand how we can pay for that expense if it is factored into the tariff. For your information, the VAGST refunds that EPC gets due to its Zero rated status is for actual VAGST paid, therefore is recovery of actual payments made for VAGST as these are not recovered through the tariff. Given that this will be an annual payment with potential to increase over the years, the payment of this amount recovering it from somewhere will have a negative impact on the cash flow position of the corporation not only for this year, but also in the long run. Due to this we request for your reconsideration of the Equalisation Charge to be included in the user charge component. ➤ There is also a 10 sene difference in costs for induction meters, between the domestic and non-domestic consumers. The servicing of induction meters is the same regardless of whether it is used for domestic purposes or non-domestic purposes. In actual fact, 	<ul style="list-style-type: none"> ➤ According to EPC Audited Financials, EPC has achieved this ROE therefore there is no need to add into the tariff. ➤ VAGST Equalisation Charge – EPC has to consult the Ministry of Finance on this matter. Due to the fact that this charge is VAGST related but the electricity tariff is zero rated, the Regulator determines it should not be a pass through cost. ➤ For consumers with induction meters – EPC requests that the usage charge be 36 sene/kwh for both domestic and non-domestic consumers with induction meters, which

	<p>the cost for servicing domestic consumers' induction meters is higher given that they are scattered around our islands whereas most non domestic consumers are located around the town area. Due to this we request for the user charge to be 36 sene for induction meters for the two types of consumers.</p> <p><i>As requested a proposal on an incentive for non-domestic customers supplied by induction meters who pay their electricity bills in advance will be included in our next filing.</i></p>	<p>would result in an increase in 10 sene/kWh for domestic customers. As highlighted in the Determination, the rate design provides low use customers a lower rate and high use customers a higher rate to promote efficient use of electricity. Based on data provided by EPC, although there are many domestic users with induction meters, their usage is still minimal compared to non-domestic users. Moreover, the existing tariff structure for these customers to change to cash power where feasible. Therefore, there is no strong ground to impose a significant tariff increase on these customers and change the current structure.</p>
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