



**OFFICE OF THE REGULATOR, SAMOA
DETERMINATION – ELECTRIC POWER CORPORATION (“EPC”)
MULTI YEAR TARIFF (“MYT”) ANNUAL REVIEW 2019**

Summary

The Electric Power Corporation (“EPC”) submitted a proposal to the Office of the Regulator on the 23rd April 2019 seeking approval in pursuant to Part IV Sections 19 and 20 of the Electricity Act 2010 (“the Act”) for new electricity tariffs and some changes in tariff structure. The proposal involves changes to the calculation of electricity tariffs for the Financial Year (FY) 2019/2020. This includes reviewing some aspects of the Usage charge component and Generation costs as well as its proposed Revenue Requirement.

After review of the application and consideration of stakeholder input, including from public consultations, the Regulator presents their findings, analysis and position in this Determination.

Section 1: Background

The three main components for tariff calculation remained in effect for the next financial year 2019–2020: **energy charge, debt charge and usage charge**. EPC proposed changes have been developed as part of an ongoing process of reforming tariffs to better support the objectives of the Electricity Act 2010. In this case, changes by EPC is categorised into two main parts:

- Part 1: Tariff Structure
- Part 2: Tariffs

Section 2: Filing from EPC

Part 1: TARIFF STRUCTURE

The following issues reflect the proposed changes in the structure by EPC:

1. 1 Current Situation and Context

EPC supplies electricity to nearly every household, business, community and government organisation in Samoa. It recovers the cost of providing such services from a tariff structure as follows:

Table 1: Current Structure

All EPC customers:	100 Largest Consumers
<p>i. Pay a broadly uniform variable rate for electricity. The variable rate is charged on energy consumed, measured in kWh.</p> <ul style="list-style-type: none"> ➤ The level of the rate is broadly equal to the total costs EPC expects it needs to recover for the year divided by the total kWh expected to be consumed by all its various customers (domestic and business) during the year. ➤ The costs EPC needs to recover are grouped into three main categories: <ol style="list-style-type: none"> 1. Energy for recovery of the variable costs of generation (diesel costs, payments to Independent power producers (IPPs) for generation; 2. Debt to recover the costs of servicing the main loans that EPC has; 3. Usage which recovers all other EPC costs. 	<p>i. Pay a daily fixed charge plus a variable rate. This was introduced from November 2018. The variable rate for these 100 largest users is lower than the variable rate for other customer categories</p>
<p>ii. Domestic cash Power customers pay a reduced (by approximately 19%) rate for their first 100 kWh each month (the so-called low usage users of electricity)</p> <p>ii. Non-cash power customers (domestic and non-domestic) have a slightly higher variable charge in order to recover costs from such customers</p>	<p>ii. There are six sub-categories of very large user, each with a different fixed rate</p> <p>iii. The level of the fixed and variable charges for each of the six sub-categories is such that a consumer with the average consumption level for that category will pay the same annual bill as if they had been charged the standard variable rate (and no fixed charge) applying to all other consumers</p>

EPC is advancing a programme to reduce reliance on imported fuels and increase use of renewable resources. In future, this is likely to include arrangements to enable customers to install their own solar PV systems. There is also the prospect that, like many other countries, Samoa will turn to electric vehicles as an opportunity to replace imported liquid fuels. Electric vehicles have more efficient engines and can make a significant contribution to reducing fuel imports and greenhouse gas emissions, especially if they are powered by an electricity supply with predominantly renewable generation.

With these changes in mind, EPC has developed a plan to reform its tariff structure in stages over several years. The programme of reform is designed to better align prices with underlying costs of supply so that price signals support more efficient use and development of EPC's network. This should promote better economic, social and environmental outcomes. This is similar to tariff reform programs being instigated in electricity utilities around the world as they face the same challenges and opportunities of new technologies.

The pace of reform is intended to balance the benefits of early reform with the downsides of rapid change, while also staying in sync with supporting technologies and analysis. EPC is currently in the process of rolling-out **smart meters** that will provide richer information about electricity demand in Samoa and can be used to support new types of tariffs.

1.2 Impact of 2018 changes

In November 2018, EPC introduced a new tariff structure for the largest 100 customers which was approved by the Regulator as per Order No.E2018/E66. This section reviews early data on the outcomes of this change and considers whether any further adjustment should be made at this time.

Changes Introduced

- i. *Sorted the largest 100 customers into six size bands Fixed Rate(FR) (FR1 to FR6) based on consumption for the previous year)*
- ii. *Introduced a fixed charge for recovery of some proportion of the Debt + Usage costs allocated to such consumers, with the proportions being:*
 - o *75% for groups FR1 to FR3, and*
 - o *50% for groups FR4 to FR6.*
- iii. *The variable charges for recovery of the Debt + Usage costs were reduced by the same amount.*

The motivation by the Corporation for introducing fixed charges was to address inefficient outcomes from using fully variabilised tariffs to recover costs which are largely fixed (i.e. Debt and Usage costs). In particular, this ‘over-variabilisation’ of cost recovery was incentivising many (predominantly larger) consumers to run their own diesel generators, resulting in:

- o *‘Cost-shifting’ for the recovery of Debt and Usage costs from these consumers onto other consumers; and Higher overall costs of providing electricity services for the nation of Samoa*

Thus the grouping of customers into size bands was undertaken to limit **bill shock** – with prices set such that the annual bill for the average-sized user in each band (assuming no change in usage) would be the same as the old variable charges, and with no consumer within a band facing an increase in annual charges greater than 10%. (*Noting that other consumers within a band would have counter-balancing bill decreases of up to 10%*).

1.3: Summary of Proposed Tariff Structure Changes

Table below summarises all proposed tariff structure changes for implementation.

Table 2: Changes

Area	2019 Changes	Longer-term
Very large (top 100) users	<ul style="list-style-type: none"> • Update fixed rates to reflect change in fixed (debt and usage) costs • Update variable rates to reflect change in energy rate • Increase the proportion of Debt + Usage costs recovered from fixed charges 	<ul style="list-style-type: none"> • Develop new basis for setting fixed charges, potentially based on measures of customers' anytime maximum demand
Solar PV	<ul style="list-style-type: none"> • Require customers installing solar PV to either use gross metering or apply a more cost-reflective consumption tariff • Set an export tariff which reflects EPC's avoided costs of generation 	<ul style="list-style-type: none"> • Vary export tariff by time-of-production

Area	2019 Changes	Longer-term
Fixed charge coverage	<ul style="list-style-type: none"> Introduce fixed charge for the remaining three-phase non-domestic post pay customers, with modest re-balancing between the proportion of costs collected by fixed and variable charges. 	<ul style="list-style-type: none"> Progressively extend fixed charges to all customers Progressively increase degree of rebalancing

Part 2: 2019/2020 TARIFFS

Tariff proposed by EPC was determined by the consumption of electricity by all the consumers. Therefore, the following tables set out the proposed tariffs for the next annual financial year 2019/2020.

Table 3: Tariffs to be effective in the next financial year

Customer Group	Estimated Volume		Debt + Usage: Fixed Charge	Variable Charges (\$/hWh)			
	No. of Customers	Total GWh		Energy	Debt	Usage: Lifeline Customer	Usage: Standard Customer
DM_C	31,937	42.2	0	0.48	0.07	0.05	0.28
DM_I	749	1.1	0	0.48	0.07		0.3
ND_C	4,666	25.1	0	0.48	0.07		0.32
ND_I	650	5.3	0	0.48	0.07		0.34
FR1_I	4	9.9	2,771	0.48	0		0
FR2_I	9	13.3	1,652	0.48	0		0
FR3_I	10	10.5	1,169	0.48	0		0
FR4_I	15	10.9	607	0.48	0.02		0.09
FR5_I	32	12.9	337	0.48	0.02		0.09
FR6_I	39	8.3	177	0.48	0.02		0.09
FR7_I	125	13.5	60	0.48	0.03		0.17
FR8_I	197	6.6	18.6	0.48	0.03		0.17
FR9_I	323	2	3.5	0.48	0.03		0.17
TOTAL	38,756	161.6					

Source: EPC data 24 May 2019

2.1 Tariff calculation methodology

Customers are grouped into different categories based on their characteristics:

- Whether they have Cash power or Post-pay (a.k.a. "induction") meters – as indicated by a "_C" or "_I" suffix to their group
- Whether they are domestic ("DM"), small non-domestic ("ND"), or large non-domestic, with this latter group being split into 9 different size bands ("FR1" to "FR9")

All cost categories are allocated to customer groups in proportion to the expected GWh consumption for that group in 2019/20. However, there is some variation in the structure of the tariff:

- Costs are recovered from domestic ("DM") and small non-domestic ("ND") customers from an entirely variable \$/kWh tariff, with the level of the tariff being equal to the \$m allocated cost divided by the expected GWh consumption for that group.

This is also true for the recovery of Energy costs from large non-domestic consumers. However, some proportion of the recovery of Debt and Usage costs, is recovered via fixed charges:

- For FR1 to FR3 customers, 100% of Debt and Usage costs are recovered via fixed \$/day charges, thereby reducing the variable Debt and Usage charges to zero.

- For **FR4 to FR6** customers, 75% of Debt and Usage costs are recovered via fixed \$/day charges, thereby reducing the variable Debt and Usage charges to 25% of the level for DM and ND consumers.
- For **FR7 to FR9** customers, 50% of Debt and Usage costs are recovered via fixed \$/day charges, thereby reducing the variable Debt and Usage charges to 50% of the level for DM and ND consumers.

There are three discounts applied to some consumers:

- There is a low Usage Charge tariff of \$0.05/kWh that applies to only domestic Cash power customers ("DM_C") that generally consume less than 50 kWh in a month.
- There is a Usage Charge discount of \$0.02/kWh for Cash power customers than post-pay customers. This is intended to reflect the lower costs of servicing customers with good payment and no risk of bad-debt.
- Domestic customers pay \$0.04/kWh less for the Usage Charge than Non-Domestic customers. This is an additional measure to the Lifeline tariff

2.2 Cost-reflective tariffs for customers with self-generation

Over time this fully cost-reflective tariff will also feature a time-of-use variable \$/kWh tariff. However, **this aspect will not be introduced until customers have smart meters.**

Any export from a property with solar generation will be paid EPC's Avoided Cost of Generation.

Table 4: Cost-reflective tariffs for customers with self-generation 2019/20

<i>Customer Group</i>	<i>Fixed Rate (\$/cust/day)</i>	<i>Variable Charges (\$/kWh)</i>
		<i>Energy</i>
DM_C	1.4	0.48
DM_I	1.7	0.48
ND_C	6	0.48
ND_I	9.1	0.48
FR1_I	2770.5	0.48
FR2_I	1651.6	0.48
FR3_I	1168.8	0.48
FR4_I	809.5	0.48
FR5_I	449	0.48
FR6_I	236.3	0.48
FR7_I	120.4	0.48
FR8_I	37.2	0.48
FR9_I	7	0.48

This will be set at a level reflecting the levelised cost which EPC would incur from building its own solar generation or procuring solar generation from an independent power producer.

Overall, the following table summarise the proposed rates requested by EPC for financial year 2019/2020 compared to the previous period FY 2018/2019.

Table 5: Current compared to proposed rates

CURRENT COMPARED TO PROPOSED TARIFFS				
		Current FY2018/19	Details	Proposed FY2019/2020
<i>Domestic Post-pay</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	All kWh	0.26	All kWh	0.30
Energy charge	All kWh	0.39	All kWh	0.48
Total		0.72		0.85
<i>Domestic Cash Power</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	1 – 100	0.12	1 – 50	0.05
	100+	0.26	51+	0.28
Energy charge	All kWh	0.39	All kWh	0.48
Total		0.58/0.72		0.60/0.83
<i>Non-Domestic Post-pay</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	All kWh	0.31	All kWh	0.34
Energy charge	All kWh	0.39	All kWh	0.483
Total		0.77		0.89
<i>Non-Domestic Cash Power</i>				
Debt Charge	All kWh	0.07	All kWh	0.07
Usage Charge	All kWh	0.31		0.32
Energy charge	All kWh	0.39	All kWh	0.48
Total		0.77		0.87
<i>Non-Domestic Post-pay with fixed charge</i>				
Debt Charge	All kWh	0.02/0.04	All kWh	0.02/0.03
Usage Charge	All kWh	0.08/0.16	All kWh	0.10/0.19
Energy charge	All kWh	0.39	All kWh	0.48
Total		0.49/0.59		0.60/0.70

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.

Two public consultation sessions conducted by OOTR in conjunction with EPC were performed in Savaii and two sessions for Upolu as well.. 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). 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: implement

Table 6: Key Issues

	ISSUES	DESCRIPTION
1	Cash Power Outlets	<ul style="list-style-type: none"><i>Need for more EPC outlets for the sale of cash power in the remote areas especially in Savaii</i>
2	Accessibility	<ul style="list-style-type: none"><i>More street lights should be built using the Community Service Obligations in the rural areas for both Upolu and Savaii</i>
3	Meter Tampering	<ul style="list-style-type: none"><i>More awareness required in the media warning customers about tampering</i>
4	Renewable Energy projects	<ul style="list-style-type: none"><i>Develop more RE projects for remote areas that still don't have access to electricity</i>

Given the same issues raised by the consumers, the Regulator continues to strongly cooperate with EPC on ways to address these concerns. However, Regulator heavily highlighted the mechanisms listed below to EPC and for ongoing monitoring in order to eliminate disputes being raised by the public.

Key Performance Service Standards Indicators¹

1. *Specific Diesel Fuel Oil Consumption*
2. *Capacity Factor*
3. *Renewable Energy Contribution*
4. *Distribution System Losses*
5. *System Average Interruption Frequency Index (SAIFI)*
6. *System Average Interruption Duration Index*)
7. *Return on Equity*
8. *Debt to Equity ratio*
9. *Current Ratio*
10. *Debtor (days)*

The majority of bodies and individuals consulted favoured the current tariff structure 1-100units instead of 1-50units proposed by EPC and supported reviewing of the energy charge on a monthly basis. *Refer to Annex 2: (Comments from Consultations and Issues Paper)*

¹ Discussion paper EPC Key Performance Indicators (KPI's) 2015/16

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

Table 7: Consultation Workshops on EPC Tariff Proposal

No.	Focus Group	Date	Venue
1	Pulenuu and Sui Tamaitai - Savaii 1	6/9/2019	EFKS Hall <i>Auala</i>
2	Pulenuu and Sui Tamaitai - Savaii_2	17/9/2019	Apita o Pisaga Hall <i>Salelologa</i>
3	Pulenuu and Sui Tamaitai - Upolu	13/9/2019	Millenia Hotel Conference Room
4	Govt Ministries, SOEs, Civil societies, Samoa Chamber and Businesses	13/9/2019	Millenia Hotel Conference Room

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 2018 and quarterly reports for the financial year 2018/19.
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
3. Took into account legal requirement under the Act, 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.
4. 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.
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 2019 - 2020.

1. Debt charge (DC)

Due to verification of the figures provided in the EPC Audited Financial Statements for the Year ended 31 June 2018, the Regulator finds that the proposed DC is reasonable to recover debt servicing costs of EPC

Table 8: Debt Charge Component

DESCRIPTION	2019-2020
PSEP Loan Repayment	10,598,406.51
Sales Production(kWh)	161,746,508.00
	0.07

Note: DC = PSEP Loan Repayment / Sales Production

2. Energy Charge (EC)

EPC proposed to review the energy charge on a monthly basis due to the fluctuations in the cost of fuel. The energy charge component since implementation of MYT in November 2018 was reviewed on a quarterly basis. However, with observations of how volatile the price of diesel has changed over the months, EPC requested to the Office of the Regulator for reconsideration in reviewing this component on a monthly basis so that the actual costs of generation are passed onto consumers.

EPC has also requested to remove the cost of lube oil from this calculation but include it in the usage charge. This was raised by OOTR through its quarterly review during the last financial year. According to EPC, it was difficult to differentiate the maintenance cost and the cost of lube oil for generation. Therefore it would be easier to account for the lube oil cost in the usage charge instead of the energy charge component.

In light of the above, the energy charge shall be reviewed by the Office of the Regulator on a monthly basis using this formula:

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

Table 9: Energy Charge Component

DESCRIPTION	2019-2020
Fuel	62,653,898.00 ²
IPPs Consumption	13,911,934.00
Sales Production(kWh)	161,746,508.00
	0.47

Note: EC=Fuel + IPPs Consumption/Sales Production

3. Usage Charge (UC)

The current 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 above 101 kWh per month. EPC proposed a tier of 1 to 50kWh for low users of electricity and users above 51kWh per month with a flat rate.

In this Determination, the Regulator makes the following findings for the Review of usage charge for the financial year 2018/2019 and the claim for 2019/2020:

- 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 FY 2017-2018, expected outturn costs for FY 2018-2019 and proposed costs for FY 2019-20 by major component³. A significant increase in costs by EPC proposed for 2019-20 compared with the audited figures for FY 2017-18 against expected outturn costs for 2018-19 as indicated in table below.

Table 10: Costs

COSTS	2017-2018 Audited (\$)	2018-2019 (est. outturn) (\$)	2019-2020 (claimed) (\$)
Generation costs	14,859,618.00	24,557,114.00	29,627,151.00
Selling and distribution	18,180,328.00	17,687,636.00	17,558,599.00
Administration costs	11,250,641.00	10,663,675.00	10,409,774.00
Capital costs	9,674,644.75	8,097,138.00	25,615,711.00
Equalization charge	2,000,000.00	2,000,000.00	2,000,000.00
License fee	859,000.00	650,000.00	750,000.00
TOTAL	53,965,231.75	63,655,563.00	85,961,235.00

Source: EPC Annual Report 2017/2018 and EPC data⁴

- VAGST Equalisation charge:** Reference is made to Determination by the Regulator for MYT Annual Review 2017 whereby the Regulator has determined that this charge cannot be allowed to be passed through to consumers given the stated reasons⁵. Moreover, according to the Project: "Economic Reform Assistance for the Samoan Ministry of Finance and the Government

² EPC Tariff Proposal for FY 2019/2020

³ EPC Quarterly Reports FY 2018/2019.

⁴ Figures provided by EPC on May 24th 2019

⁵ https://www.regulator.gov.ws/images/Final-Determination-9-11-2017-Attach-2_amended.pdf

of Samoa" EPC would still be slightly better off than if they had remained exempt for VAGST purposes, which implies that EPC should be able to absorb the cost of a fee set at this level without having to increase its electricity tariffs.⁶

3. Lifeline rate: EPC proposes the introduction of a "lifeline" tariff for low users (less than 50kWh/month).

Given the difficulty in identifying the "low income earners" that the recommended minimum tariff is targeting, EPC propose to change the name to "Low Users of Electricity". The target is really the consumers with minimum use of electricity on a monthly basis, and the incentive is provided for them given that low usage of energy is less destructive for our environment. EPC proposed to change this tier from 1-50kWh just for the **Low Users** of electricity which means, only those who consume 50 units per month and those who consume 51kWh and above will pay a flat rate.

However according to Multi Year Tariff Order of the Regulator No. 2018/E66 the current tariff classes for Domestic consumers are retained for the period of the MYT 2018-2021 as follows;

- *Cash power two-tiers [1-100kWh/month] and [101+ kWh/month]*
- *Induction all kWh in one flat rate*

During public consultations the majority supported the current tariff structure of 1-100kWh /month. The public raised concerns that Samoan families are developing and each family has a TV, refrigerator, radio and other electrical appliances. This means it would be difficult for low income families to budget with only 50kWh for a month. The reality is, Samoa is moving into modern lifestyle and there must be sufficient supply of energy to cater for their basic needs at an affordable rate.

Therefore the Regulator, determines that the Order No2018/E66 still remains in effect for the Structure of electricity.

4. Fixed charge for large customers: Fixed charges were initially approved in the implementation of the MYT in 2018/2019 for the top 100 large customers to address inefficient outcomes from using fully variabilised tariffs to recover costs which are largely fixed. In particular, it was incentivising many consumers to run their own diesel generators, resulting in:

- *'Cost-shifting' for the recovery of Debt and Usage costs from these consumers onto other consumers*
- *Higher overall costs of providing electricity services for Samoa.*

According to EPC, the results of the trial were successful in addressing the poor incentives arising from fully variabilized tariffs,

- Top 100 customers appear to have significantly increased consumption since introduction of fixed charges – i.e. no-longer running their diesel gensets to same extent
- Top 100 customers now paying a more equivalent share for recovery of EPC fixed costs
- Also results in better economic and environmental outcomes for Samoa
 - Cheaper and cleaner EPC renewable generation than more expensive and dirtier diesel self-generation

⁶ [SAMOAN REVENUE REVIEW REPORT, Robert Millar May 2017](#)

Thus EPC has proposed to further extend fixed charges to the remaining 3 phase consumers for 2019/20.

Comparatively the analysis done by OOTR, EPC has proposed major changes with the extension of fixed charges which largely impact all consumers. The proportion of Debt and Usage costs being recovered from fixed charge being increased

Table 11: Changes in fixed charge for largest consumers

Groups	FY 2018/19	FY 2019/20
	75%	100%
FR1	\$1,520	\$2,771
FR2	\$1,140	\$1,652
FR3	\$840	\$1,169
	50%	75%
FR4	\$380	\$607
FR5	\$240	\$337
FR6	\$130	\$177

- *Nevertheless, for FR7-FR9 customers, the proportion for 2019/20 has been set to 50% (first year they will face fixed charges).*

During consultations, the 100 large consumers voiced their concerns on the impact of this proposed changes to their electricity bills. One company in particular claims that "EPC charges can range up to 27% expense of total revenue, which certainly impacts their operation.

- *Under the current Tariff their biggest concern was when they went from a Category 5 property to a category 1 property; they have seen an increase in expenses by 22k per month. In most countries, if not all, electricity tariffs allow large scale consumers to purchase electricity at a cheaper rate, which is not the case in Samoa.*
- *They are charged this fixed daily cost, even when there are island wide EPC outages, and have not choice to use Generators. EPC do recommend having back-up generators.*
- *However it is more economic for them to run their Generators, but also need to pay the Fixed Charge from EPC. The only option to avoid this fixed charge they have been advised by EPC is if they completely disconnect from EPC, and advised by EPC "reconnection would not be an easy process".*
- *Based on the New Tariff If this company fell into FR1 they would be paying an additional 21k compared to the previous Tariff category 1, or a total of 43k compared to category 5*

This would cost this company an additional \$516k based on an annual EPC usage is excessive."

Another issue with the extension of fixed charges is monitoring of all these consumers. Currently EPC is still undergoing its smart meters project. Until such time that these are fully rolled out, OOTR and EPC would be in a better position in monitoring usage for all these 650

users impacted with the proposed change by EPC. Given the impact on the overall tariff for end users, the Regulator determines that the current fixed charges for the 100 large consumers remain for financial year 2019/20.

Overall assessment by OOTR confirms that the impact of the proposed changes by EPC would result in overall increase in tariffs for end users. This could not be supported by the evidence provided, the results of the trial for 100 large consumers is successful. It was expected that any benefits could be passed through consumers, but EPC's proposal to extend fixed charges to the rest of three phase consumers would mean increased electricity tariffs for the rest of the consumers. It defeats the purpose of tariff reforms to ensure the benefits of such reforms are shared amongst the consumers and decrease the overall costs of electricity for Samoans. The Regulator determines that the current structure allows EPC to recover its revenue requirement and all the consumers are paying a fair share of these costs at a reasonable electricity tariff.

5. **Discounts for Induction meter users:** The cheaper tariff for the prepaid meters was introduced due to the low risk on the corporation's arrears. Currently, we still cannot provide a prepaid meter that can be used by some of our large consumers therefore they cannot have that lower rate. EPC propose for the use of the prepaid rate for our consumers regardless of their use of post-paid meters, so long as they pay for electricity in advance. The Regulator agrees to the proposed discount to incentivize these consumers when paying electricity bills in advance.
6. **Tariffs for consumers with solar PV and other self-generation:-** Any consumer wishing to install a solar panel or other forms of self-generation will move to a fully cost-reflective consumption tariff. This will have all Debt and Usage costs recovered via a fixed charge. The net-billing arrangement as outlined in the Policy for small-scale renewable energy (RE) projects will be used for determining the electricity tariffs for these consumers.
7. **Replacing capital expenditure with a depreciation allowance:** EPC proposed to include in the Usage charge, total Depreciation expenses of \$24,752,085 compared to current capital costs of \$12,000,000 approved by the Regulator in MYT Determination 2018. However as already determined by the Regulator in the MYT Determination 2018 there are no grounds to introducing a depreciation allowance as it would result in EPC recovering the capital costs of the same assets more than once. EPC has not provided any reconciliation of these costs to ensure the consumers are not double charged. More importantly, emphasis should focus on EPC providing a consistent Power System Expansion Plan (PSEP) as required under the Electricity Act 2010 to account for these costs.

In view of the above findings, to exclude the Depreciation costs & 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 \$0.26sene

Table 12: Key components of the Usage Charge

USAGE CHARGE - COMPONENTS	FY2017/2018 (Audited)	2018/2019 (Unaudited)	FY2019/2020 (Proposed)	FY2019/2020 Recommended)
OTHER DIRECT COSTS				
Total Other Generation Cost	14,859,618.00	24,557,114	29,627,151	14,336,253
<i>Total Other Generation Cost\$/kWh (net generation)</i>	0.0968	0.1626	0.1832	0.0886
SELLING & DISTRIBUTION COSTS				
Total Selling & Distribution Cost	18,180,328	17,687,636	17,558,599	9,823,670
<i>Total Selling & Distribution Cost \$/kWh (net generation)</i>	0.1184	0.1171	0.1086	0.0607
ADMINISTRATION COSTS				
Total Administration Cost	11,250,641	10,663,675	10,409,774	7,745,716
<i>Total administration Cost \$/kWh (net generation)</i>	0.0733	0.0706	0.0644	0.0479
FEES & CHARGES FOR GOVT ENTITIES				
OOTR - Licence Fees	859,000	650,000	750,000	750,000
MOF- VAGST Equalization charge		2,000,000	2,000,000	
TOTAL FEES & CHARGES FOR GOVT ENTITIES	859,000	2,650,000	2,750,000	750,000
<i>Total Fees & Charges for Govt. Entities \$/kWh (net generation)</i>	0.0056	0.0176	0.0170	0.0046
TOTAL	0.2208	0.2973	0.3087	0.1540
Other income	- 4,843,682 -	4,097,460	4,036,200	4,142,645
	-0.0316	-0.0271	-0.0250	-0.0256
Capital Expenditure				
TOTAL CAPEX	9,674,645	22,343,154	25,615,711	13,000,000
<i>Capital Expenditure \$/kWh (net generation)</i>	0.0630	0.1480	0.1584	0.0804
Total Usage Charge Rates \$ /kWh (net generation)	0.3154	0.3245	0.3337	0.2600
Net Generation (kWh)	153,507,893	150,994,075	161,746,508	161,746,508

Section 5: Regulator's Position

Based on the above review of EPC's tariff proposal, the Regulator's position is that:

1. The Capital Expenditure remains as part of the usage charge and not replaced by Depreciation costs as this is more aligned with the Power System Expansion Plan required under the Electricity Act, Section 27(3)
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.
3. The Regulator determines the current components of the electricity tariff consisting of Debt charge, Energy Charge and Usage charge remains as it is.
4. **Debt charge:** remains at 7sene/kWh for all consumers and fixed for FY 2019/2020.
5. **Energy charge:** is determined to be 47sene/kWh fixed for all consumers effective in the 2nd quarter of FY 2019/2020; however this charge is subject to review and approval by the Regulator on a monthly basis according to submission by EPC for adjustment.
6. **Usage charge:** may not include depreciation costs and VAGST equalisation costs as proposed by EPC.
7. **Electricity Structure:** As per Order of the Regulator No 2018/E66, the current structure will be maintained for Domestic cash power consumers the first tier would remain at 1-100units as opposed to 1-50units proposed by EPC. For Non – domestic induction consumers, the first 100 largest consumers will be subject to a daily fixed charge discounted in proportion of their consumption.
8. **Extension of Fixed charges:** only the first 100 largest consumers will be subject to daily fixed charge and not the rest of 3 phase meter consumers as proposed by EPC. Until such time there is enough data for monitoring usage from the roll out of smart meters project.

Table 13: Determined Tariffs for 2019-20

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	0.47	0.80
Cash Power Meters				
1 to 100 kWh	0.07	0.12	0.47	0.66
101 kWh and over	0.07	0.26	0.47	0.80
NON DOMESTIC				
Induction Meters				
All kWh	0.07	0.31	0.47	0.85
Cash Power Meters				
All kWh	0.07	0.26	0.47	0.80

Note: For first 100 largest Non-Domestic induction consumers only, they will be charged the new fixed daily charge discounted based on their consumption as follows:

Table 14: Daily fixed charge for 100 largest consumers

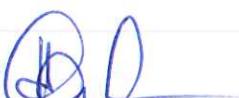
Customer group	Daily Fixed Charge	Energy Charge	Debt Charge	Usage Charge
FR1	1,520	0.47	0.02	0.08
FR2	1,140	0.47	0.02	0.08
FR3	840	0.47	0.02	0.08
FR4	380	0.47	0.04	0.16
FR5	240	0.47	0.04	0.16
FR6	130	0.47	0.04	0.16

Table 15: Cost-reflective tariffs for customers with self-generation

Customer group	Daily Fixed Charge	Energy Charge		
DM-C	1.4	0.47		
DM-I	1.7	0.47		
ND-C	6.00	0.47		
ND-I	9.10	0.47		
FR1	1,520	0.47	0.02	0.08
FR2	1,140	0.47	0.02	0.08
FR3	840	0.47	0.02	0.08
FR4	380	0.47	0.04	0.16
FR5	240	0.47	0.04	0.16
FR6	130	0.47	0.04	0.16

The Regulator in consideration of all factors, including information discovered during this review, hereby issues **Order No. 2019/E68** with regards to proposal by EPC

Signed and Dated 18 October 2019



Lefaoali'i Unutoa Auelua Fonoti
REGULATOR

Annex 1: Usage Charge Component Breakdown

KEY COMPONENTS OF USAGE CHARGE			
	ESTIMATE 2017/18	BUDGET 2018/19	BUDGET 2019/20
Generation for Sale (kwh)	138,168,635	149,415,296	161,746,508
Other Revenue	7,411,020	7,779,189	3,172,574
Generation Costs			
IPPS Production	11,338,761.00	11,772,341	13,911,934
Diesel Mechanical Expenses	3,413,933.00	2,448,794	2,620,000
Diesel Electrical Expenses	401,635.00	391,707	424,000
IPPS Costs	-	39,300	65,000
SCADA Operational Expenses	128,367.00	380,040	257,200
Hydro/Civil Generation Expenses	248,849.00	275,645	377,004
Solar/Wind Operational Expenses	37,268.00	64,663	50,000
Tools&Radio Communication	-	-	154,200
Operating Costs	852,090.00	873,078	1,128,164
Payroll Costs	3,026,473.00	3,106,659	3,380,377
Local Consumption	4,051,040.00	3,219,752	3,068,308
Insurance Costs	2,658,571.00	2,499,999	2,500,000
Depreciation on Hydro Gen Assets	3,046,503.00	3,718,979	4,750,931
Depreciation on Diesel Gen Assets	5,346,503.00	5,346,240	7,736,554
Depreciation on other Gen Assets	2,302,729.00	2,352,612	3,115,413
Direct Costs Electricity Energy Sales	25,513,961.00	24,717,468.00	29,627,151.00
Selling & Distribution Expenses			
Repairs & Maintenance	2,727,442	1,620,082	1,446,000
Inspections/New Connections	651,997	669,493	860,004
Tree Clearing/Tools	708,806	807,151	645,555
Repairs & Maintenance Street Lights	340,170	469,920	270,500
Faults Services	537,106	286,889	240,000
Metering Conversions	-	-	116,400
Other distribution/Utili Expenses	1,733,748	1,849,037	2,089,691
Payroll Costs	3,531,577	3,719,069	4,155,520
Depreciation on Distribution Assets	6,475,405	6,616,042	6,696,042
Depreciation on other Dist/Assets	1,474,077	1,640,303	1,038,887
	18,180,328.00	17,677,986.00	17,558,599.00
Administration Costs			
Advertising & Sponsorships	280,044	128,887	106,992
Communication	173,971	162,814	151,800
Computer	240,006	364,344	867,266
Depreciation	1,401,163	1,474,546	1,414,258
death/Disability	200,000	209,590	200,000
Payroll	4,003,679	4,130,726	3,970,031
Premises	656,247	602,237	525,416
Professional Fees	305,400	287,186	172,540
Equalisation charge	2,000,000	2,000,000	2,000,000
Regulators License Fees	858,950	650,000	750,000
Travel and Accomodation	42,887	92,578	125,180
Motor Vehicle	264,743	239,522	183,204
Printing & Stationery	161,073	165,226	134,462
Human Resources	195,912	268,091	381,985
Other Expenses	87,376	209,702	176,640
	10,871,451	10,985,449	11,159,774



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ANNEX 2: Minutes of Public Consultations in August 2019

MYT Review and Proposal by EPC on August 2019 Public Consultations Minutes in August 2019

SAVAII CONSULTATIONS			
Date: Monday 6 August 2019 VILLAGE MAYORS & WOMEN REPRESENTATIVES (Group 1: Satiaua - Vaipua, EFKS Aulaa Hall)		EPC Responses	OOTR Responses
Village Mayors/Representative & Women Representative	Questions/Issues/Comments/Feedback		
Maeve Sioeli, Vaipua	Thank you to your respective Offices for agreeing to conduct consultation in our district. I noticed that the purpose of consultation today is to propose increase of electricity by Electric Power Corporation. I respectfully asked EPC that instead of .34sene as proposed why not .30sene. This will be very helpful (faamama avega) to us.	Thank you, to answer your question the reason why there is a different is because cash power is prepaid, meaning you buy them and enter it you do the work by yourself but for meters it is quite high because of the labour, as you noticed we have staff going around to get the readings of meters.	The reason for this consultation is to consult you representatives of villages of the proposed new price of electricity, but for your information this new proposed prices has not been approved. The decision to
Vaisala Elua (Satiaua)	Question- Why is the price of cash power different from the induction meters?	Thank you for supporting our consultation, but I would like to clarify more on the new cost of electricity. Cash power- 1-50units .5sene and 51upwards-.28sene Meter- now is .26sene proposed cost .30sene	

		approve the new prices depends on the consultation and consideration of the Office of the Regulator.
Saunoa (Falelima)	I am very happy with the way both Offices used graphs to show the differences. I am concern of how EPC has carried out their work. Why are we still on phase 1 and some are on phase 3. For the whole of Asau please bring phase 3.	Please note that the equipment and resources for both phases are not the same, we cannot use equipment of phase 3 in Upolu for Savaii it will not be suitable. EPC is doing everything to bring this service in Savaii.
Tulimaselino	I would like to thank the government for cash power.	
Lanuola	I noticed from other representatives that they focus more on service by EPC and cashpower and other matters but forgot about the point of consultation. The point of EPC and OOTR being here today is whether we accept the proposed price of electricity or not.	Thank you.
Fuatino Fagalilo	I am all with the price that we have now.	
Saunoaga	I am very happy to be here today, but I think if there is another 2sem to the electricity from the price we now have that will be more than nice.	
Mele Auala	Thank you for today; let's stick with what we have now.	
	I believe that the price of power (cashpower) we have is very expensive. In my opinion why not make the prices for both meters and cashpower the same.	Please note that if you refer to our graphs cash-power is cheaper than the meter.
	This is the third time EPC and OOTR here to consult the price of electricity and it is not a	It all depends on how you use your power. 1-100units 100 upwards units Motion is not accepted, we are here to consult the proposed

	new issue. I give motion to close this consultation	electricity price and we are not going anywhere unless we here of everyone else's opinion and what they think is acceptable to us.
Lani (Letui)	I just want to say that instead of increase why not drop the current price to another .1sene, also please ensure the service for cash power to reach our village. We can only buy the card and sometimes the card does not work.	Just to make it clear that there are other nearby outlets to buy cashpower. There is a specific amount that can be bought at the outlets and the other amount is from the main office
	I believe that the price now is fine with use there is no need to change it (decrease or increase). I also support the initiative to enforce all families to have cash power instead of meters.	
Tailua Sione	I agree with the proposal by EPC to change the price of electricity. This also brings a message to us to use our electricity wisely	Thank you
Afetu Ana	I think that price we have is suitable for most of our families and lets stick to that. EPC is stable why do we need to increase. Thank you	Thank you
Sui tamaita'i Tufutafaoe	I think the new proposed price is fine and I have no problem with that, but please if its effective let it know through TV.	
	A motion to pass our minutes.	Please be patient we did not come all the way from Upolu to hear opinions from some we need to know what everyone else think. We have a lot of time to go through this. Thanks

		Date: Tuesday 13th August 2019 VILLAGE MAYORS & WOMEN REPRESENTATIVES (Group 2: Salelologa, Apita o Piszga Hall)	OOTR Responses
Village Mayors/Representative& Women Representative	Questions/Issues/Comments/Feedback	EPC Responses	
Auala	<p>Hearing what the others think it looks like they favour the new proposed prices by EPC, I do not agree with EPC and please leave it as it is.</p> <p>My other issue is in relation to the cash-power (card), we need a close by store/shop that sells cashpower in Auala.</p> <p>Can Auala have one of the solars or whatever EPC are doing to generate electricity</p>	<p>Thank you, there is a store nearby Auala that sells cashpower and that is in Asau. EPC are looking in to this service and will consider your proposal.</p> <p>Something for us to be aware of the solar and hydro power are run by private companies not by EPC.</p>	
Fagasa	<p>We all need the power, especially families that have elders. In Fagasa if there's no cash power in Asau we have to go all the way to Salelologa to get it. This is quite expensive for us to go all the way to Salelologa. Can EPC please do something to this?</p>	<p>There are other nearby stores that sell cash power there is one in Falealupo, Avao, Safotu, Samauga and Samata. These stores have cashpower most of the time so you do not need to go all the way to Salelologa</p>	
Fagaee	<p>Thank you for the opportunity, I support what the representative from Fagaee said. We need nearby stores in our area that sells cashpower.</p>	<p>Thank you and we will look in to this</p>	
Tuuoa (Auala)	<p>Why not have two or more stores in each village that sells cash power, so that it won't run out? Please get companies to come and sell cashpower</p>	<p>Thank you for that, we will consider this.</p>	<p>Thank you to all of us for coming today. It is very important that we hear what</p>

Lealatauloto Faasisina	<p>My question to EPC if I pay for cash power, is it the units or the price im getting? For example if I buy \$10 cashpower for month I should get 2 or more extra units.</p>	<p>The price for electricity is .67sene, its .48sene but it includes the price for other things. You are included in the below 100units category. We have a proposal with the Regulator to decrease that threshold instead of 1-100 should be 1-50.</p>	<p>Just to make this clear it is not the Office of the Regulator that suggested the three months review, it is EPC who came up with the three months and now they want to change back to the monthly review.</p>
Talifala Peni (Puleia)	<p>I have no problem with the new proposed price of electricity, but let's go with the three months instead of monthly review.</p>	<p>Thank you for that, just want to clarify on why EPC wanted to review every month instead of three months. There is always a change in oil and diesel every month; there are other factors EPC look at of why we need to review every month instead of three months.</p>	<p>Just to make this clear it is not the Office of the Regulator that suggested the three months review, it is EPC who came up with the three months and now they want to change back to the monthly review.</p>
Luaimalu Tupai	<p>I would prefer the monthly review instead of the three months. The good thing about the monthly review it might change the price of electricity it will keep on decreasing.</p> <p>Does EPC have any authority to stop the work done by the IPPs?</p> <p>How about instead of 1-100 to 1-50 why not 1-70 or 1-75?</p>	<p>This is duly noted.</p> <p>There circumstances in which EPC can interfere with the work of IPPs according to the Agreement.</p> <p>The proposed change of 1-50 is specifically for the people who use power under 100units which they will only be paying .34sene per unit.</p>	<p>Please note that that proposed change of 1-50 it means the price decrease if more than 50 units it will cost more, but that is up to</p>
Faumuina Aviata			

	electricity illegally?	the village representatives and what they think is the perfect fit for their villages.
	I thank you to both Office for coming. The proposed change in the units, I trust the EPC to do their job and divide it accordingly.	
Fagafau	The more we use the power the more money we have to pay for electricity. I suggest increasing the price for those people still using the meters but for cashpower instead of the price we have why not decrease it to another .2sene.	We note your concern and we will look at it. Thank you
Fagamalo	I know some families who have 0.0 in their cashpower but their power is still on. What can EPC do to this situation	I advised that if there is something like this that is happening and you are aware of please let our Office know. (Faulty/Tamper)
	If I pay for \$100 tala cash power how many units will I get?	For your information if you pay \$100 cash power there are two price that you should expect. The 100 units for consumers/families
Satupaitea	I agree with the proposal from EPC	
Avao (sui tamaitai)	Is there a specific day we can buy cashpower so we can get extra units? For example first day of month?	
Lalomalava	I am with the new proposed price to the electricity	
Saipipi	Is there a difference if I buy cashpower from the stores and from EPC?	There is no difference they are all the same
Lalomalava	Let's stick to the 1-100units, its affordable to the people	

Saleologa	Is there a need for the proposed changes to the price of electricity? Is EPC and IPPs in need of extra money? Is this important to Samoa and our electricity sector?	
Vaiafai	There are times when the power shut down it damages other people's refrigerators, TVs and other things. Can EPC do awareness program on how people can save their properties from being damage when there is a power shut down.	For the time being we hardly have any power shut down, unless we have work that need to be done.
Foluena (Sapapalii)	Thank you for coming, I think that the price we have now is fine and lets stick to that.	Please let EPC know and we will come and fix the lines.
Manoo Finae Tapuelele	How can we get EPC to fix the lines to our village? I do not agree with the new proposed prices lets go with what we have now.	
Fau	I agree with the new proposed price but lets leave it to 1-100 instead of 1-50. A monthly review is acceptable.	
UPOLU CONSULTATIONS		
DATE: Thursday 19th August 2019 VILLAGE MAYORS & WOMEN REPRESENTATIVES (Conference Room - Millenia Hotel) - Upolu		
Village	Questions/Issues/Comments/Feedback	EPC Responses
Mayors/Representative& Women Representative		OOTR Responses
Mapu Faafio (Saleapaga Lepa)	i. Big thanks to EPC for the non-stop service. Is the usage charge increased from 12 sene to 28 sene. It seems like a 116% increase? Does the tariff change every month? Just a request to maintain the current tariff. ii. Who owns solar panels at Faleolo? EPC should have fuel reserves up to 3 months.	i. Yes it is an increase from 12 sene for 1-100units to 28sene for 50units and above. However EPC proposed a smaller and affordable rate for 1-50+ at 0.05 sene. Tariff does not change monthly, the usage and debt charge are the components that remain fixed

			throughout the financial year whereas the Energy charge changes which at moment has been review on a quarterly basis.
Taulemai Apelu (Sataoa Safata)	i. Thanks to Government for the helping hand but agree to all other changes but not the 1-50+units.		Feedback noted
Alaimoana (Tafatafa)	<p>i. Do not agree with the 1-50+ units. We hardly have any families with this consumption.</p> <p>ii. Complaint to EPC for discriminating the consumers. Our village has been applied for more light poles because of the beach resort but none has been done. However agree to the proposal by EPC</p>	<p>iii. There is a committee that is responsible for this issue under the Community Service Obligation. For any proposal requested by anyone will be review by this committee.</p>	
Mapuimumanaina Lopau Faaiifo (Saleapaga)	i. With the new proposal the large businesses are the ones that will be largely affected.	<p>i. The charges for these biggest consumers will be charged differently based on their consumption. The cost of electricity is imposed heavily on the usage charge but the cost of generating electricity is the same for all.</p>	<p>i. According to the pie chart presented, the red section is covered by fuel, in green is Renewable Sources. If the whole chart is covered in green then electricity will be much cheaper.</p> <p>ii. Yes, tariff can recover the</p>
Afoa Uli (Tafitoala)	i. Most of the places at our province are dark because there are hardly any light poles (Siumu, Tafitoala). The question is how many fuel and hydro stations. There is one hydro generation station at Tafitoala but still its so dark at night for most of our areas. Just a request, there are a lot of solar panels (projects) near	<p>ii. Yes, EPC have requested the villages with huge rivers for hydro generations.</p>	

	<p>Faleolo Airport, Taftoala have a lot of vacant lands, why can't EPC build one of these projects there.</p> <p>ii. According to OOTR's presentation, tariff can recover the costs and earn reasonable returns for EPC. Just an advice, there are huge water to generate electricity and it is cheap. There are so many hydro stations and solar producers that generate electricity; so tariff should be much lower by now.</p>	<p>costs but there are other income earned by EPC.</p>
Lepea Representative	<p>i. Is EPC making any profit? Are they working on a loss? EPC should provide financial statements indicating whether they earn a profit or loss over the previous years. By looking at the presentations, \$143.4 million is the revenue require for covering all costs.</p> <p>ii. Agree to the changes in the energy charge (monthly review)</p> <p>iii. For the 1-50units (lifeline rate), was there any study done to justify there are families consuming only these units? In fact, the only family under this category is the one with only one light bulb at home. EPC should reconsider these changes proposed.</p>	<p>i. Noted that will provide financial statements in the next tariff review.</p> <p>ii. Yes, EPC already have records of the families with consumption below 50units and there are about 6,000. Given this number the corporation believes this special rate should be impose on these households.</p>
Siuniu Representative	<p>i. Support Lepea's comments and feedback. My concern is that I am not eligible to this 50units because I can only use it for 2 to 3 weeks. Both parties should look into this structure. If both parties think that it is for the betterment of our people and our country then do a fair and right decision.</p>	<p>i. Feedback and comments noted.</p>

Satitoa Representative	i. One issue with EPC is discrimination. The 2 million for CSO, is it allocate only for town area and main road? However, totally agree with EPC's proposal for a dividend earn.	i. The service by EPC is 24hours and always does the best they can to provide this service to the people of Samoa. At the moment we only have one faulty team for night shift which is why it took hours for them to assist with any power inconvenience.
Gagaifolevao Lefaga Mayor	i. My family use more than 50units so we do not agree on this change. Why not change to 75 units. Hardly hear any family in Samoa with this kind of consumption. ii. Which category church falls under? Is there any survey done by EPC on some other rivers in the villages to be used for hydro projects since there are other villages that reject EPC proposals. Thus MNRE is reserving our environment but EPC needs to use these rivers for hydro generation.	i. OOTR has noted down your feedback on the 50units. We leave it with OOTR for their review. We already done the study for the families with consumption of 50 units below and it's about 6,000. ii. Yes, there is a category for church and the tariff already been charged. As for hydro, EPC is on the process by having consultations with the villages that own huge rivers. Currently there are hydro generations at Vailoa, Savaii and some in Upolu as well but EPC is still hoping for more rivers if given permission by the villages.
Woman Representative Fagali'i	i. EPC should propose to IPPs to reduce the cost of producing electricity from solar. It is a must for the corporation to deeply consider this issue of higher cost these IPPs are charging on electricity provided. ii. Energy charge is currently reviewed on a quarterly basis. All thanks to EPC for their	i. Noted comments and feedback ii. Proposing to review EC on a monthly basis will enable EPC to recover the costs rather than a quarterly basis. iii. Nope it is a discount rate offered to these low usage

	<p>service during SPG 2019. Is this one of the reason why EPC propose to review the energy charge on a monthly basis?</p> <p>iii. Is changing the 50 units' one of the factors to increase EPC revenue?</p>	<p>consumers</p>
Lefaoalii Auelua (Mayor) Lepa	<p>i. Our village proposed for poles because we have 3 sub villages and we only have 3 light poles. We are still waiting on our proposal and I visited the office and they said a survey will come. Until now, EPC still hasn't answered to our proposal and I think EPC are very bias when it comes to applications and the people.</p> <p>i. All thanks to both EPC and OOTR for the consultation. What is the rationale for the increase in the usage charge from 26 sene to 34 sene? Has the service provided by EPC improved?</p> <p>ii. How about the change made to 1-100 units to 1-50 units? What about the Return on Equity (ROE) of 7%?</p> <p>iii. For our church, we have different meters for the hall, pastor's house and others. Agree to the 60sene for the 50units+</p> <p>iv. Agree to the .89 sene charge for commercial. The big users should also pay more.</p>	<p>i. First of all, EPC apologizes with regards to the issue raised but this is part of our Community Service Obligations. We also have a committee assigned to deal with this type of service. We note down your feedback.</p> <p>i. EPC is buying electricity from independent power producers and we are trying to consult the price. Yes, EPC has a lot of projects to be implemented just to improve the service.</p> <p>ii. As for the energy charge, we are experiencing losses because of the quarterly review, so a solution is to review it on a monthly basis.</p> <p>iii. Noted feedback on the 89sene.</p>
Samau Lokeni Fagali	<p>i. Want a lower price for electricity but looking at the presentations, is EPC encountering a lot of debt?</p> <p>ii. There should a profit since there is a lot of money for usage charge.</p> <p>iii. Just a comment, we should increase the tariff to improve the service provided by</p>	<p>i. Tariff has three main components including debt, usage and energy charge. The usage charge proposed by EPC is 34 sene which amounted to \$55.2million to recover all EPC costs. This amount is divided</p> <p>i. The previous financial year, EPC earned a \$1million dividend and gave it to government.</p> <p>ii. The \$143.4million presented is the revenue required to cover cost for EPC</p>

	<p>EPC. I can see that if we do have a profit then electricity will be cheaper and affordable in the future. We do not access to any financial statements, but looking at the presentation the revenue requirement is \$143.4 million.</p>	<p>into different costs including administration, selling and distribution and so forth.</p> <p>meaning there are other non-electricity sales and other income earn by issue from other measures.</p>	<p>performance efficiency. Thus, there are other revenue earn by EPC to gain profit from meaning there are other non-electricity sales and other income earn by issue from other measures.</p>
Village Representative	<ul style="list-style-type: none"> i. Thank EPC and OOTR for implementing this presentation to consider all stakeholders input for tariff review. ii. Totally support EPC proposal and agree to the new structure (1-50units) 		<ul style="list-style-type: none"> i. Feedback noted
Woman Representative Falefa Fausaga	<ul style="list-style-type: none"> i. Support comments by the Mayor of Lepa. After Evan Cyclone, all light poles have been destroyed up until now there is only one light pole for our village. Our village requested EPC and we are still waiting. The village mayor wrote a letter requesting for more light poles and the response was, our village need to look for people who took the light poles. 	<ul style="list-style-type: none"> i. Feedback noted. 	
Woman Representative Vaiee	<ul style="list-style-type: none"> i. We cannot run away from the tariff we have now. If there are EPC debt that needs to be paid then fully supports the tariff proposal. The service provided is 100%. 		<ul style="list-style-type: none"> i. Feedback noted
Woman Representative Vaovai Falealili	<ul style="list-style-type: none"> i. I only have one complain to EPC regarding a request for light poles. We need more light poles at our village. 	<ul style="list-style-type: none"> i. There is a \$2million Community Service obligation (CSO) allocated by the government for this type of issue. 	
Village Representative Satao	<ul style="list-style-type: none"> i. We have rivers at our village and EPC hasn't done any survey. Just a helping hand and ask EPC to look into it. 	<ul style="list-style-type: none"> i. Noted feedback and would be glad to visit and do the survey. 	

Date: Tuesday 13th August 2019 - Government Ministries, State Owned Enterprises (SOEs), Chamber of Commerce and Private Organisations (Conference Room - Millenia Hotel)			
Organization	Questions/Issues/Feedback/Comments	EPC Responses	OOTR Responses
Representative	i. Since we do want to access technology and its power that we need to boost the use of technologies nowadays then why change the 1-100 units that we enjoy to 1-50units.	i. EPC had noticed that there are 6,000 consumers that consume only 1-50 units a month. We proposed this change to the structure. The cost of producing electricity is the same. The government must provide a reasonable cost for the low usage consumers. The cost has to come from someone else if this lower rate is charge on the low usage customers since they consume less. The more you consume the more you will pay. In this case, tariff will be set but the demand and consumption of electricity depends on the households.	
Representative	i. Reducing 1-100 units to 1-50 units. How many consumers in this category? Is there a study by EPC in order for this initiative to be implemented?	i. Yes, there are 31,900 consumers using cash power and 6,000 are consuming below 50 units.	
Representative	i. For our business, we have 30 workers and we have 4 different offices with own cash power meters. Were there any issues with EPC on having more than 1 cash power meter for a company?	i. Yes we are still facing issues with some consumers and the reason is tampering. If households' power has been disconnected households will connect power from other which we try to discourage.	
Small Business Enterprise Centre (SBEC)	i. By looking at the presentations, small businesses will be largely affected by the	i. We have different rates for businesses so it is a win/win	

	<p>change proposed by EPC. Taking for instance small sewing businesses which most are domestic users. If they are under three phase, they will be largely affected by this new tariff.</p>	<p>i. Was there an analysis done by EPC for operation efficiency? ii. How does Samoa compare to other islands electricity? The cost of living is increasing and margins should go down iii. EPC needs to take into consideration minimising the costs.</p>	<p>i. Yes, about EPC's performance efficiency has minimised cost over the previous years. In the last 10 years, cost of electricity hasn't been above \$1.00 since a lot of reforms have been exercised. EPC has responded to requirements and the needs of the consumers. ii. However, EPC need money to continue its operation in a convenient and efficient way. To minimise cost EPC has only one faulty team to take shift at night from 3 teams. iii. Samoa's cost of electricity is cheaper compare to other pacific islands except for Fiji. Fiji has a large supply of hydro since they have larger hydro generations.</p>	<p>i. Efficiency of EPC enables EPC to earn a return on equity of 7% and already achieved it over the past years and it is not included in the tariff. The challenge by the Office of the Regulator to EPC is to find efficiency and consider internal controls. In order for EPC to earn ROE, they need to look at other costs to earn profit.</p>
Ruth Thompson (SCB)				
Ruth Thompson (SCB)	<p>i. What are the issues and how we can move forward on using the hydro sources?</p>		<p>i. Consultation is in progress with the villages with large rivers for permission to use these rivers for hydro generation. At the moment we now have Fale o le Fee, Afuilo, Taftoala and Alaoa hydro stations and others. At the moment EPC is still trying to get the village of Sili's permission to use their river. However EPC is still doing survey</p>	

		and analysis on other rivers in both Upolu and Savaii for hydro generation. Issues we are facing is that most villages use their rivers for fisheries, for drinking...etc. There are a lot of reasons why villages object not to use their rivers to generate electricity.
Samoa Water Authority (SWA)	i. Government goal for 100% RE has been extended to another 5 years. There are many solar generation but tariff is still increasing.	i. Yes we have 3 Independent Power Producers generating electricity and sell it to EPC. There are different rates these IPPs charge electricity provided. Going forward, EPC is looking for the best combination of resources. EPC is looking at the liability of the wind in the market by seeing different locations for wind mills to be built if achieving certain levels.
Samoa Ports Authority (SPA)	i. Introducing the fixed charge for large users was to support EPC for other commercial users not to turn on the generators. By looking at the presentations, FR1 (fixed rate 1) to FR6 has been extended and also increased. The \$1,750 a day is too much for SPA to pay but the service is for all the people of Samoa. EPC introduce this rate just to stop using generators in order to use the production of electricity by EPC and to avoid grid instability. ii. Just a comment, OOTR needs to take into	i. For consumers at FR1 to FR3 the proportion of debt and energy has increased from 75% to 100%. The fixed rate proposed is reasonable for this category. However we have different bands for different consumers and their consumption. The consumers can only be charge on these different rates only on the level of their consumption.

Representative	<p>consideration the changes proposed by EPC. There are big wharfs and we do need to use generators to cater for our service at the wharf. If not, we request EPC to install many meters at the wharf to avoid paying for this large fixed rate a day. The main impact on the authority is when many boat (containers) arrived to the wharf consumption automatically increase.</p> <p>i. My concern is the renewable energy source. Our business is planning to use the pulu (tree) to produce electricity. Is there a policy in place for small consumers? What is the process of getting into this type of investment?</p>	<p>i. EPC is currently cooperating with Samoa Estate Corporation (STEC) for biomass project. The corporation is not relying on solar alone. However there is a policy in place for an IPP to enter into the market. Any private own or company can enter into the market with the requirements that eligible and most of all in agreement with EPC.</p>
Representative	<p>i. How long will it take for the determination of tariff to be done?</p>	<p>i. Under the Electricity Act, it takes 6 months to review (accept and reject) the tariff. The draft determination will be provided as well for comments before the final tariff is published.</p>
Faafetai Golovale Ministry of Public Enterprise	<p>i. Tariff is for cost recovery and government overall perspective. There is no profit margin in the tariff. Profitability is not so much profit but should only achieve the margin. As for the zero rated, it is another</p>	<p>i. EPC still depends on efficiency. For maintenance, we try our best to maintain hydro generators and other infrastructures. For Renewable Energy target of 100%</p>

INFORMATION PAPER COMMENTS			
Government Ministries/SOEs/PSO	COMMENTS/ISSUES/RECOMMENDATION S	EPC Response	OTR response
National University of Samoa Representative	<p>i. Can't this tariff review be effective in the next financial year 2020/2021? Our main concern is another cost added on the students fees.</p> <p>i. What is the deadline for comments and feedback submission on the issues paper? In the issue paper, it mentioned electric vehicles.</p>	<p>i. Yes, it is another option for reducing the use of fuel but EPC is still in the process of testings'.</p>	<p>i. We need comments by the end of August</p>
British Tobacco	i. How would we households give our feedback?		i. Comment on the issues paper already circulated.
Government Ministries, State Owned Enterprises & Private Sector Organisations			
Sheraton Samoa Beach Resort	<p>i. Under the current Tariff our biggest concern was when we went Sheraton Samoa Beach Resort went from a Category 5 property to a category 1 property; we have seen an increase in expenses by 22k per month. In most countries, if not all, electricity tariffs allow large scale consumers to purchase electricity at a cheaper rate, which is not the case Samoa.</p> <ul style="list-style-type: none"> • We are charged this fixed daily cost, even when there is island wide EPC outage, and have no choice to use Generators. EPC do recommend having back-up generators. 		

	<ul style="list-style-type: none"> • It is more economic for us to run our Generators, but we also need to pay the Fixed Charge from EPC. The only option to avoid this fixed charge we have been advised by EPC is if we completely disconnect from EPC, and advised by EPC "reconnection would not be an easy process". • Based on the New Tariff If Sheraton Samoa Beach Resort fell into FR1 we would be paying an additional 21k compared to the previous Tariff category 1, or a total of 43k compared to category 5 • This would cost Sheraton Samoa Beach Resort an additional \$516k based on an annual EPC usage is excessive. Could you kindly review the charges, to consider both properties to go into category FR2 which is a break even comparison to running our Generators? We do want to use EPC, but the costing tariff is unfavourable for us. 	
Leaso Aioloputea Office of the Regulator	i. Since EPC borrowed some frequencies last year for their smart meter project, would it be possible for operational/admin costs to drop. While there is classification of different users it seems that the variations are now with the users who consume more and looking at the overall costs it will most likely to go up. I think it will not achieve the affordability as initially	

	<p>discussed as the main objective not sure if it's for this review of why EPC exists. Otherwise there is a need to make sure why each user is presumably afforded by each category.</p>
Samoa Commercial Bank	<p>i. SCB has completed its analysis on current consumption and cost of Electricity. The proposed new tariff will be a cost rather than a benefit to our Bank.</p> <p>ii. If the new tariff is effective, our cost of electricity will increase by 5% per annum, over \$12K in value. Whilst we appreciate EPCs responses to back the increase, electricity is getting costly and we hope as a Corporation they are managing their operations efficiently and make sure all users including government are paying their Electricity bills.</p>