



ORDER OF THE REGULATOR No. 2016/E40

Multi Year Tariff (MYT) Annual Review and Electric Power Corporation (“EPC”) Proposal

Statutory Obligations

Sub-sections 19 (1) of the Electricity Act 2010 (“the Act”) requires the Regulator to set all tariffs charged by a licensee. The Electric Power Corporation (“EPC”) filed an application with the Regulator on 23rd May 2016 for MYT Annual Review with proposed changes to electricity tariffs for the next regulated financial year 2016/2017. Overall, the proposal requested continuous reductions on end-use customer tariffs for the upcoming regulated financial years. EPC proposes reductions on usage charge for most customer classes especially for Cash power users. EPC however proposes 9% increase on usage charge for low use domestic customer’s induction meter users. This is aimed at providing more incentives for Induction meter Consumers to convert to cashpower.

EPC requested to retain the existing tariff structure with three components Energy Charge, Usage Charge and Debt Charge but proposed changes in tier structure for Cash power Domestic Consumers a 2 Tier structure [1-100units & 101+] instead of the current 3 tier and just one flat rate for Domestic induction meters.

Lastly, EPC proposed removal of 2% discount offered on usage charge due to significant decreases in rates for cashpower consumers.

Consultations

The Regulator in reaching a decision reviewed the issues raised in the public stakeholder consultations and these included:

- Cash power issues
- Impact of Renewable Energy sources
- Regulating IPP feed-in tariff
- Soundness of investment
- System losses
- Validity of costs underlying revenue requirement
- EPC improvement & sustainability of Service
- Impact of Daylight Saving

The Regulator continues to work with EPC on efforts to address issues raised. The Regulator intends to develop mechanisms to facilitate these efforts going forward such as the development of Service Standards 10 key performance indicators that have been set for ongoing monitoring.

Findings

The Review and the findings are based on the evidence attained by the Regulator from EPC and through consultations with stakeholders who utilised the opportunity to provide valuable input and information.

In light of the findings and considerations in the Determination, the Regulator makes the following Order for the regulated FY 2016/2017.

Order 1: Tariff Structure

The Regulator orders that the tariff structure:

1. Three components of the Tariff remains: **'Debt Charge'** **'Energy Charge'** and **'Usage Charge'** for transparency purposes and ease of comprehension.
2. Restructure tariff classes for Domestic Consumers as follows;
 - Cashpower 2 tiers [1-100units/month] and [101+ units/month] to replace current 3 tier [1-50units/month, 51-100units/month and 101+unit/month]
 - Induction domestic Cashpower tariff rates all in **one flat rate** to replace current 3 tier [1-50units/month, 51-100units/month and 101+unit/month]

Order 2: Tariffs

The Regulator orders that:

- The following tariffs to be effective from 1 August 2016 to 30 June 2017

To be effective from 1
August 2016 to 30 June
2017

DOMESTIC	Debt charge	Usage Charge	Energy Charge	Total Tariff
Induction Meters	sene/unit	sene/unit	sene/unit	sene/unit
All units	0.10	0.26	0.33	0.69
Cash Power Meters				
1 to 100 kwh	0.10	0.12	0.33	0.55
101 kwh and over	0.10	0.26	0.33	0.69
NON DOMESTIC				
Induction Meters				
All Units	0.10	0.36	0.33	0.79
Cash Power Meters				
All Units	0.10	0.26	0.33	0.69

- 2% Discount** is removed from Cashpower users and Induction meter users when paid bills in advance.

Order 3: Annual Review

EPC must:

- file for review of electricity tariffs on an annual basis instead of triennial.
- for annual reviews; submit complete tariff filing with the Regulator three (3) months before the end of each financial year. As such, EPC must file for annual review of electricity tariffs for the next financial year by **31st March 2017** of the current financial year.

Duration of the Order

This Order shall expire on the earlier of:

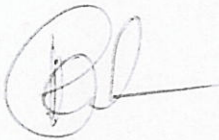
- a) The Regulator revoking this Order; or
- b) The making of a new Order by the Regulator in relation to the matters addressed herein.

Effective date of this Order:

In accordance with section 20(5) of the Act, the Electric Power Corporation shall not charge the above mentioned rates until such time when the Electric Power Corporation has notified consumers of the new tariffs. The Regulator will allow the Electric Power Corporation fifteen (15) calendar days to notify the public of the change.

This order is effective from the 1st August 2016

Date of the Order: 13th July 2016



Unutoa Auelua- Fonoti

REGULATOR