

## **Tonga's Back to Basics Initiatives**

*Nuku'alofa, Tonga:*

TONGA'S electricity tariff will go up by 20.35 seniti per kWh, effective from the meter reading at the end of October, Peter McGill, the CEO of the Tonga Power Ltd. announced this afternoon.

Peter was apologetic in announcing the "bad news", attributing the steep rise from the current rate of 62.79 seniti to 83.14 seniti at the end of October, to the rising price of diesel.

Peter became the first CEO of Tonga Power on July 9, three months after the last revision of the electricity tariff took place in May this year, but since then "the price of diesel has significantly increased as a direct result of the rise in the landed cost," he said.

Although Tonga Power buys its diesel for power generation from a local supplier duty free, they now also have to pay 50% of the freight charge -a cost that Shoreline did not pay. At the same time the government has terminated its 11 seniti subsidy on the first 200 kWh used by consumers and " it all adds up and contributes to the new price."

The tariff is set following a concessional agreement between Tonga Power Ltd and the Electricity Commission, "and during that we try to make sure that the best price is set for the consumers," he said.

### **Back to Basics**

Peter has two projects on the drawing board to try and bring down the price of electricity.

One, he referred to as Back to Basics and it encompasses a revision of the fuel supply to Tonga, and a Village Reconstruction Project, to upgrade the distribution network of electricity to the villages. He said that the Village Reconstruction Project is not part of the mandate of Tonga Power, but it is under the control of the Electricity Commission. An upgrade of the Tonga Power electricity distribution network will cut down on the electricity lost during transmission, which Peter said is the highest in the region.

With regards to the fuel supply to Tonga, Peter's concern is that they are buying diesel from local supplier, and paying for it in Tongan Pa'anga. At the moment the exchange rate for the US dollar is better for Tonga than before and so if they import and pay for it in US dollars it would be cheaper.

### **Renewable energy**

Tonga Power is also looking at a renewable energy project in an effort to bring down the price of electricity, "and the most exciting is a one meg solar power energy plant at our Popua site," expected to be in operation either at the end of next year or early the following year.

However, Peter said that solar power "will not help in our peak load hours when the sun is down. So it is still very important to get our Back to Basic Project running."

The Back to Basic Project aims at reducing electricity loss during transmission, reducing the cost of diesel and improving fuel efficiency.

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