



## Pacific Regional Energy Minister's Resolutions

(Nadi, Fiji, 4 April 2014)

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### Preamble

The Combined Plenary Energy and Transport Officials Meeting was co-hosted by the Government of Fiji and the Secretariat of the Pacific Community (SPC) and was held on 31 March 2014 and 1 April 2014 at the Novotel Hotel in Nadi, Fiji. The meeting theme was Sustainable Energy and Transport Services for All, and the large number of participants and presentations from the Secretariat, development partners and the private sector was a clear demonstration of the current and strong partnerships that SPC forged pursuing the meeting theme.

The meeting was chaired by the Deputy Secretary for Transport and Energy, Fiji, and co-chaired by the Director of the Economic Development Division (EDD), SPC. Ministers and officials responsible for energy and transportation ministries and departments from 19 Pacific Island Countries and Territories (PICTs) attended the meeting. Officials represented *American Samoa, Australia, Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna*. Representatives of regional and non-governmental organisations, private sector partners, United Nations (UN), World Bank, donors and development partner organisations also attended. The meeting participants list is attached as Annex A.

The Meeting examined sustainable energy and transport services for all in the Pacific Island Countries and Territories (PICTs), and how, as Pacific nations, to position energy and transport services issues in the post-2015 development agenda at the national, regional and international levels. The Meeting also considered sustainable energy and transport services for all within the context of the Pacific Plan review and its call for deeper regional integration. Sustainable energy for all must be featured in the Post-2015 Agenda/Revised Pacific Plan.

### A. Leadership, governance, coordination and partnerships

The Director of the Economic Development Division (EDD), Captain John Hogan, provided the overview of the EDD Transport and Energy Programmes. EDD staff provided an update on actions taken in response to the Energy and Transport Ministers' Communiqué of 2011 as well as the Forum Leaders' Communiqués of 2011, 2012 and 2013. In addition to other actors in the sector, SPC's Energy Program reported participating in seven constructive actions to implement the Energy and Transport Ministers' Communiqué of 2011 and 19 constructive actions to implement the Forum Leaders' Communiqués. The Energy Program continues to work in close partnership with key actors in the sector.

- The meeting:
  1. **noted** the origin, justification and the development of the regional frameworks on energy security and transport services;
  2. **noted** the actions taken on matters arising from the Inaugural Regional Meeting of Ministers for Energy, Information and Communication Technology and Transport, 2011 and the Forum Leader's communiques of 2011–2013;
  3. **noted** the actions taken on transport-related matters arising from Inaugural joint meeting of Pacific Ministers for Energy, ICT and Transport, 2011; and
  4. **directed** the Secretariat to include “outcomes” and progress toward achieving energy security in PICTs, including actions from development plans.

## **B. Energy Planning, Policy & Regulatory Frameworks**

The meeting acknowledged SPC's experiences from drafting and reviewing of national energy policies, particularly in the areas of coordinating the implementation and mainstreaming of activities into work programmes and budgets of implementing agencies, and the ability to regularly report on progress made towards national energy sector targets.

The meeting encouraged members to address these challenges in light of experiences such as the Cook Islands Energy Amendment Act of 2012, the draft Palau Energy Administration Act, the buy-in from Boards and Chief Executives to the Tuvalu Renewable Energy and Energy Efficiency Master Plan, as well as the Samoa Energy Reviews.

Presentations highlighted the need to improve South-South cooperation and communication. The meeting acknowledged the successful conclusion of the recent ADB-SPC Conference on the Effective and Sustainable Regulation of Power and Water Services,

- The meeting:
  5. **noted** the outcome and recommendations of the ADB-SPC Conference on Effective and Sustainable Regulation of Power and Water Services, in particular:
    - a.* the distinctive challenges that small island countries face in introducing effective regulation; and
    - b.* the various regulatory models that may help address these challenges in small islands, including approaches to regulatory governance (or institutions) and regulatory substance (or the subject matter of regulation such as access, tariffs, quality and environmental sustainability).
  6. **requested** ADB and SPC to continue to collaborate in providing technical assistance to assist Pacific Island countries to address their energy sector regulation challenges; and
  7. **noted** that the outcome, recommendations and proceedings of the ADB-SPC Conference will be compiled as a volume for publication by ADB and SPC and will also be uploaded online and published by ADB.

## **C. Petroleum & Alternative Fuels**

The Framework for Action on Energy Security in the Pacific (FAESP) recognised that petroleum-based fuels will remain the major source of energy for the region for the foreseeable future. It also acknowledged that Pacific economies are the most vulnerable in the world to rising oil prices. In June 2013 the EDD Energy

Programme appointed a Petroleum Adviser and now provides a Petroleum Advisory Service, which offers technical support and provides advice and training to SPC member PICTs on a wide range of petroleum-related issues.

Two alternatives available as indigenous energy sources in the Pacific region are liquefied petroleum gas (LPG) and natural gas in the form of liquefied natural gas (LNG). The introduction of modular LNG into PICTs could potentially enable the cost-effective use of natural gas to displace diesel fuel for some key energy applications. This would, however, require significant investment in local infrastructure.

- The meeting:
  8. **acknowledged** and **endorsed** the ongoing work programme of the SPC Petroleum Advisory Service with respect to addressing regional fuel pricing issues; and
  9. **encouraged** and **requested** government officials to actively share petroleum pricing information with SPC, which will increase the value of this service to all PICT members.
  10. **endorsed** the importance of assessing the potential increased penetration of liquefied petroleum gas and the potential introduction of liquefied natural gas as future energy sources for PICTs as a way of reducing the environmental impact of fossil fuels and diversifying and significantly reducing energy costs; and
  11. **noted** that the increased use of LPG and LNG may require significant new investments in appropriate port facilities and other infrastructure to secure the advantages of the potential environmental and reduced cost benefits.

#### **D. Renewable Energy**

Renewable Energy continues to be a priority for the region's sustainable energy all effort, as reflected in the Majuro Declaration on Climate Leadership in 2013. The meeting acknowledged the role of the private sector in the expansion of renewable energy investments and raising the professionalism and quality of the design and installation of renewable energy systems in the PICTs. Expansion of renewable energy generation in PICTs, and its growing importance among public bodies and private enterprises, is creating opportunities for proposed guidelines to govern its expansion. Hydropower, solar photovoltaic (PV) systems, and solar water heater (SWHs) represent three focal areas of expanding renewable energy generation in the region where guidelines can be endorsed.

- The meeting:
  12. **endorsed** the following four regional guidelines for PICTs:
    - a. Grid-connected PV Systems – System Design Guidelines
    - b. Grid-connected PV Systems – System Installation Guidelines
    - c. Off-grid PV Power Systems – System Design Guidelines
    - d. Off-grid PV Power Systems – System Installation Guidelines;
  13. **recommended** that the guidelines be adopted by the Pacific Regional Energy Ministers' Meeting;
  14. **noted** the need to adopt and enforce these guidelines at the national level;
  15. **noted** the need to build local capacity to implement and enforce the guidelines as well as the challenges related to enforcing those guidelines;
  16. **requested** development partners and regional agencies to support follow-up efforts to adopt the guidelines at the national level, to build local capacity through certification programmes and to extend the guidelines to cover other renewable energy technologies;

17. **noted** the outcome of the French Development Agency (AFD) and SPC sponsored study to research and identify solutions to solar water heater (SWH) performance problems in the Pacific Islands with a focus on areas where SWH use is growing the most;
18. **endorsed** in principle the adoption of the Pacific Islands manual for the design, installation and maintenance of SWHs subject to the intensive consultations with the industry and the Pacific Energy Advisory Group (PEAG) in December 2014;
19. **encouraged** PICT governments and regional organisations to provide certified training of SWH installers and carry out awareness campaigns to inform and educate the public on how SWHs work, how much they cost and why they are worthwhile; and
20. **encouraged** PICT governments and regional organisations to provide assistance so the public can buy certified equipment installed by approved technicians.

#### **E. Electric Power**

Investment in and financing of power generation will enable PICTs to meet electricity production and renewable energy targets. Increased private sector investment is required to facilitate the structural shift towards renewable energy and attract technical expertise required to operate and maintain expanded renewable energy capacity.

- The meeting:
  21. **noted** the key elements of tariffs, refinancing loans through local institutions, government clearances and the importance of transport and port infrastructure to support projects.
  22. **noted** the recommendations outlined in the paper *Sustainable Energy Financing Project – Fiji*;
  23. **noted** the importance of engaging the private sector to increase investment and attract required technical expertise in the Pacific power sector; and
  24. **supported** the Pacific energy investors' forum, proposed for July 2014, and the development of standard project summaries for presentation to potential investors.

#### **F. Transport Energy Use**

SPC, in partnership with the United Nations Industrial Development Organization and in close coordination with the University of the South Pacific, is assisting PICTs to establish the Pacific Centre for Renewable Energy and Energy Efficiency – A Sustainable Energy for All Centre of Excellence. The proposed centre contributes to the implementation of the Framework for Action on Energy Security in the Pacific (FAESP) and is fully in line with the commitments and targets of the Majuro Declaration for Climate Leadership, the UN Sustainable Energy for All initiative and the SIDS DOCK initiative.

FAESP acknowledges that most of the fossil fuel consumption in PICTs is in the transport sector. Several regional projects are being undertaken to assist PICTs to develop alternative fuel options that can replace traditional petroleum-based liquid fuels, primarily in the transport sector. Several additional future opportunities will become available for investment.

- The meeting:
  25. **endorsed** the validated project document of the Pacific Centre for Renewable Energy and Energy Efficiency – A Sustainable Energy for All Centre of Excellence;

26. **Agreed** to the establishment of the Pacific Centre for Renewable Energy and Energy Efficiency – A Sustainable Energy for All Centre of Excellence that would be progressed through a competitive tender process to consider bids to host the regional centre. Ministers further agreed that the selection process would involve a panel comprising PICTs and development partners; this group would make a recommendation on the hosting arrangements to be circulated for consideration by Ministers out of session. The meeting **requested** that PIFS work with the concept proponent and funder – the United Nations Industrial Development Organization – and the tender panel to facilitate the process, and also agree that appropriate support be accorded to the various centres.
27. **agreed** to announce the regional centre in a special side event to be organised by SPC, the United Nations Industrial Development Organization and other partners at the Third International Conference on Small Island Developing States, 1-4 September 2014, Apia, Samoa.
28. **noted** the concept that individual PICTs need to quantify the economic, social and environmental benefits available through alternative transport fuels;
29. **encouraged** prioritizing financial incentives for the early introduction of commercially available alternative technologies that will reduce fossil fuel use in PICTs, such as traditional bio-ethanol, bio-diesel and hybrid vehicles for land transport;
30. **encouraged** PICTs to pursue private sector involvement in the development and deployment of alternative transport fuel products, especially those that are based on locally produced feedstock, and provide appropriate economic incentives for the establishment of viable alternative energy industries in PICTs; and
31. **encouraged** PICTs' governments to review tax and excise policies, as well as energy subsidy policies, and make appropriate adjustments to encourage the preferred uptake of cleaner and/or indigenously produced energy options.

#### **G. Energy Efficiency and Conservation**

Improving energy efficiency is a cost-effective way to address the increasing energy intensity of developing economies in the Pacific. Energy efficiency also holds great potential to reduce the Pacific region's dependence on imported petroleum fuels, reduce greenhouse gas emissions, and improve livelihoods.

- The meeting:
  32. **noted** the recommendations outlined in the paper *Fiji Rural Electrification Program: Experiences and Challenges*;
  33. **noted** the recommendation outlined in the paper *Minimum Energy Performance Standards and Labelling Programme – Fiji*;
  34. **noted** the hybridization of the diesel systems with 'solar' to improve sustainability in terms of the electrification of rural communities with diesel systems;
  35. **noted** the collaborative efforts of development partners in improving energy efficiency and conservation in the Pacific and **acknowledged** the funding assistance provided in the various programmes by Australia through the PALS Programme and UNEP's enlighten initiative, Denmark through the SIDS Dock, EU on the North REP, Austria and Italy on IUCN's Pacific SIDS EESLI, and GEF and ADB on PEEP2;

36. **supported** energy efficiency and conservation efforts in the Pacific by encouraging development partners to mobilise additional investments for energy efficiency and conservation so as to have a more balanced investment in energy efficiency and renewable energy;
37. **endorsed** the concept notes for regional energy efficiency proposals and direct SPC to seek donor funding for these proposals; and
38. **endorsed** SPC-UNEP's effort to develop a detailed regional strategy for the transition to efficient lighting in PICTs.

## **H. Energy Data and Information**

In September 2013, at the 68th Session of the United Nations General Assembly in New York, USA, Pacific leaders signed a landmark Declaration on Establishing the Pacific Regional Data Repository for Sustainable Energy for All (PRDR for SE4All). The PRDR for SE4All is a facility that would focus only on the collection and dissemination of primary data, which will be collected directly from data sources to the extent possible.

- The meeting:
  39. **reviewed** the technical proposal for the Pacific Regional Data Repository and **endorsed** it, subject to agreed revisions;
  40. **agreed** that SPC host the PRDR on an interim basis for 12 months, with review on hosting arrangements for permanent hosting to be considered by Pacific Island Leaders;
  41. **agreed** that the permanent PRDR host would be selected based on a competitive process; and
  42. **agreed** that a dedicated steering committee for the PRDR be formed, composed of Australia, Tonga, New Zealand, the University of the South Pacific, and others, to provide guidance on its development (and membership), working alongside SPC during its interim hosting.

## **I. Financing, Monitoring and Evaluation**

The United Arab Emirates–Pacific Partnership Fund is a USD 50 million fund for renewable energy generation projects in Pacific Island countries. All six forms of renewable energy are eligible and all sovereign Pacific countries can receive project support through the fund. Projects in six Pacific countries have been approved to date.

- The meeting:
  43. **encouraged** non-members of the International Renewable Energy Agency (IRENA) to accede during 2014 in order to facilitate access to the United Arab Emirates–Pacific Partnership Fund;
  44. **disseminated** news about the fund, with a view to having all eligible Pacific Island countries submit project concepts before it closes; and
  45. **noted** technological progress, enabling much higher renewable energy grid penetration than in previous years.

The meeting acknowledged the Pacific Leaders Energy Summit (PLES) hosted by the Kingdom of Tonga on 21-22 March 2013 and the Pacific Energy Summit (PES), co-hosted by New Zealand and the European Union, in Auckland, New Zealand, 24-26 March 2013.

- In terms of the outcome of the PLES, the meeting:
  46. **noted** the incorporation of the Tonga Energy Roadmap experiences in the development of the Nauru and the Vanuatu Energy Roadmaps and acknowledged the effort of ESCAP in progressing the PRDR; and
  8. **acknowledged** the Leaders' call for more studies of business models and tariff regimes so that investor interests are protected and charges to the consumer are fair, transparent and sustainable.
  9. **Requested** that the governments of Tonga and New Zealand jointly submit a briefing in consultation with the United States and France to IRENA regarding accession to full membership for Pacific Island territories, currently considered associate members, and including procedures to enable non-members to access full or associate membership. Full membership would permit them to access IRENA's tariff review support and apply for grants under the United Arab Emirates–Pacific Partnership Fund, as well as further benefits (accession to full membership, transitioning from associate to full membership).
- In terms of the PES, the meeting:
  10. **welcomed** that at the conclusion of the Summit, the co-hosts announced a funding envelope of NZD 635 million had been secured which included commitments of NZD 255 million in grant funding and NZD 380 million concessional loans;
  11. **noted** favourably that 54 of the 79 projects (almost 70%) presented at the PES are currently under development by partners and donors to accelerate the progress towards national energy roadmaps and targets;
  12. **noted** that progress was achieved in some areas faster than originally planned; and
  13. **acknowledged** the generous support of the development partners and **emphasised** that the support should include strengthening local capacity and expertise to effectively manage and ensure project sustainability.
- Regarding the Pacific Regional Infrastructure Facility, the meeting:
  14. **acknowledged** the coordinated efforts of the Pacific Regional Infrastructure Facility Working Group (PRIF WG) and that of the PEAG;
  15. **noted** the need from countries to be able to have comprehensive collective updates of projects and support to their energy sectors; and
  16. **called** for closer collaboration between the PRIF WG and PEAG meetings, the production of a combined progress report using the PRIF WG's matrix and utilising the adopted energy security indicators for the FAESP (including Pacific Infrastructure Performance Indicators) for the measure of impacts and outcomes on PICTs' energy security status.

In 2011, the Implementation Plan on Energy Security in the Pacific (IPESP: 2010 - 2015) was developed to assist in achieving the objectives of FAESP. The IPESP reflects the priority regional activities to be collectively delivered by the participating members of the Council of Regional Organisations in the Pacific (CROP) to support complement and add value to national efforts on energy security. The mid-term review of

the IPESP is being undertaken and is close to completion, with a draft report submitted to the CROP agencies.

- The meeting also:
  17. **noted** the preliminary findings and recommendations of the mid-term review of the Implementation Plan on Energy Security in the Pacific;
  18. **noted** that the mid-term review report and its recommendations will be finalised at the end of April; and
  19. **noted** that, depending on the final outcome of the IPESP review and the possibility of amendment to the PEAG Terms of Reference, the changes would need to be reported to Ministers out of session.
  20. **requested** SPC to convene a meeting of the Pacific Energy Advisory Group in the second half of 2014 to endorse measures to be undertaken by the Pacific Energy Oversight Group in carrying out the recommendations of the mid-term review.

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