

[Legal Notice No. 108]

**THE ELECTRICITY ACT
(Cap. 128)**

**THE ELECTRICITY (TARIFF) (AUTOMATIC BASE TARIFF AND
FUEL TARIFF ADJUSTMENTS) REGULATIONS 2005**

IN exercise of the powers conferred upon the Minister by sections 21 and 55 of the Electricity Act, the Minister on the recommendation of the Authority hereby makes the following regulations -

1. These Regulations may be cited as the Electricity (Tariff) (Automatic Base Tariff and Fuel Tariff Adjustments) Regulations 2005.

2. The Electricity (Tariff) (Automatic Base Tariff and Fuel Price Adjustment) Regulations* are hereby revoked.

3. In these Regulations, unless the context otherwise requires:-

“the Act” means the Electricity Act;

“Base Tariff” for a customer category, means the Base Tariff for that customer category as calculated in accordance with Schedule 1;

“Central Bank of the Solomon Islands” means the Central Bank established under the Central Bank of Solomon Islands Act;

“Fuel” means distillate (ADO) liquefied natural gas, coconut oil, palm oil or any other fuel used for purposes of generating electricity;

“Fuel Tariff” means the fuel tariff as calculated in accordance with Schedule 2; and

“Honiara Retail Price Index” means the index of changes in the Retail Price Index for Honiara compiled by the Statistician of the Solomon Islands Government and published quarterly by the Central Bank of Solomon Islands.

4. These Regulations shall apply throughout Solomon Islands.
5. The Base Tariff for each customer category shall be calculated in the manner specified in Schedule 1.
6. The Fuel Tariff shall be calculated in the manner specified in Schedule 2.

SCHEDULE 1

Base Tariff

On 1 October 2005 and on 1 October every five year thereafter, the Base Tariff for each customer category shall be adjusted by adding the Fuel Tariff that applies on 30 September of that year to the current Base Tariff for that customer category.

As at 1 January 2006 and 1 January in each year thereafter, the Base Tariff for each customer category shall be calculated as follows:-

$$BT \times \{[(RPI_n / RPI_{n-1}) \times 0.90] + 1\}$$

where:

BT is the Base Tariff for the customer category immediately prior to the relevant 1 January;

year is the calendar year immediately prior to the relevant 1 January;
and RPI_n is the Honiara Retail Price Index for All Items for the 12 months period ending on 30 September in year n.

The Base Tariff for a customer category that applies from time to time shall be shown as a separate items on all bills issued to consumers who come within that customer category.

SCHEDULE 2

Fuel Tariff

For the purposes of this Schedule:-

“quarter” means a period of three months ending on 31 March, 30 June, 30 September or 31 December;

“quarterly average fuel price per litre in respect of a quarter” means the volume weighted average price for fuel at each location where the authority uses fuel to generate electricity, as calculated by the authority for the immediately preceding quarter as follows:-

Quarterly average fuel price = $(\text{Monthly average fuel price}_{t+} + \text{Monthly average fuel price}_{t-1} + \text{Monthly average fuel price}_{t-2})/3$.

where:

month t is the month immediately prior to the current month and $t-1$, and $t-2$, refer to the two months prior to that in the previous

quarter

Monthly average fuel price $_{t-3}$ = total fuel purchases in Solomon Island Dollars $_{t-3}$ /total litres purchased $_{t-3}$.

Monthly average fuel price $_{t-2}$ = total fuel purchases in Solomon Island Dollars $_{t-2}$ /total litres purchased $_{t-2}$.

Monthly average fuel price $_{t-1}$ = total fuel purchases in Solomon Island Dollars $_{t-1}$ /total litres purchased $_{t-1}$;

“litres per kWh sold in respect of a calendar year” means the amount calculated as follows:-

QF/QES (when if is less than or equal to 8%)

OR

$QF/(QEG/1.08)$ (when if is greater than 8%)

where:

QF is the volume of fuel used by the authority generate electricity during the immediately preceding calendar year as determined by the authority (expressed in litres);

QFS is the electricity sold by the authority to consumers during the immediately preceding calendar year as determined by the authority (expressed in kWh);

If is the average network losses for that immediately preceding calendar year as determined by the Authority which shall be calculated by the Authority as:-

$$If = (QEG/QESC) - 1.$$

QEG is the quantity of sent out electricity generated by the Authority during that immediately preceding calendar year as determined by the Authority (expressed kWh).

"Allowable litres per kWh sold in respect of a calendar year" means the amount calculated as follows:-

$$AFL = \text{litres per kWh sold}_{t-1} \times [L + \{(\text{litres per kWh sold}_{t-1} / \text{litres per kWh sold}_{t-2}) - 1\} \times 0.95]$$

where:

year t is the calendar year immediately prior to the relevant 1 January and year t-1 is the year prior to that.

As at 1 October 2005 and 1 October of every five year period thereafter, the Base Fuel Price per litre shall be the quarterly average fuel price per litre in respect of the immediately preceding quarter.

As at 1 January 2006 and the commencement of each quarter thereafter, the Fuel Tariff shall be calculated as follows:-

$$(QAFP - BFP) \times 0.95 \times AFL$$

where:

QAFP is the quarterly average fuel price per litre in respect of the quarter; BFP is the current Base Fuel Price per litre; and
 AFL is the Allowable litres per kWh sold in respect of the calendar year in which the quarter occurs.

The Fuel Tariff that applies from time to time shall be shown as a separate item on all consumers' bills.

Made at Honiara this twenty-seventh day of September, 2005.

BASIL MANELEGUA
 Minister of Mines and Energy

*LN30/1990, LN48/1990 and LN 204/1993.