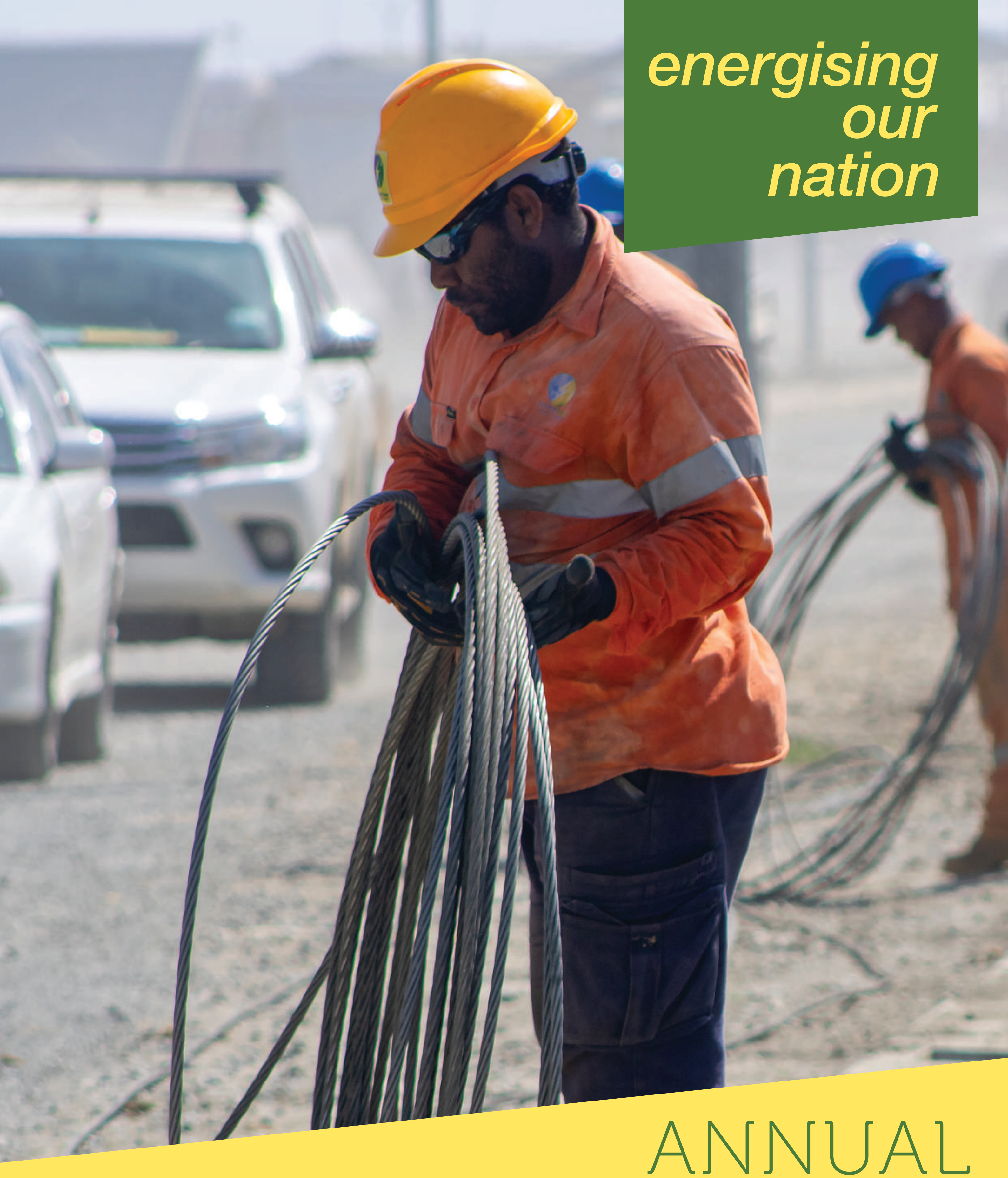


energising our nation

ANNUAL REPORT 2023

SolomonPower
energising our nation

VISION
Energising Our Nation

MISSION
To provide a safe, reliable, affordable and accessible supply of electricity to the Solomon Islands

VALUES
Respect for our customers and our people.

Improvement through Change and Innovation.

Meeting our Service Quality Commitments.

Care for the Environment.

Individual Responsibilities for our Action

Honesty and Trust

Teamwork

Contents
Operations

Cover Photo: Kukum Highway Line Upgrade.

Letter to the **Ministers**

Date: 28th March 2024

The Honourable Bradley Tovosia MP
Minister of Mines, Energy and Rural Electrification
P O Box G37,
Honiara,
Solomon Islands

And

The Honourable Harry D. Kuma MP
Minister of Finance and Treasury
PO Box G26,
Honiara,
Solomon Islands

Dear Honourable Ministers,

SOLOMON ISLANDS ELECTRICITY AUTHORITY (Trading as Solomon Power)
ANNUAL REPORT 2023

On behalf of the Board of Directors of Solomon Power, I have the honour to submit to you both the Authority's Annual Report, in accordance with section 25 (I) of the Electricity Act, Cap 128, and section 14 (1) (a) (b) of the State Owned Enterprises Act 2007.

The report incorporates audited Statement of Accounts and the major developments, activities and achievements of the Authority for the financial period.

On behalf of Solomon Power, I thank you both for your on-going understanding and cooperation and look forward to your continuing support.

Yours faithfully,

David K.C. Quan, O.B.E.
Chairman

HIGHLIGHTS 2023

- Supported key infrastructure Projects in Honiara and in Outstations.
  - Major relocation works for the JICA Phase 2 Road upgrades
  - Commissioning of multiple network assets for the Pacific Games Facilities
  - New networks for the new University of South Pacific Campus in Honiara
  - New networks for the new International terminal building in Munda
- Successfully implemented recovery plan to address shortage in generation capacity from mid-May 2023. This included procurement of Emergency Generators.
- Honiara maximum demand peaked at a new system record of 18.55MW in November 2023
- New Grid code for the energy sector was progressed successfully in 2023 with the aim of completion in 2024
- Progressed with restructure of the Engineering Division to form a new Outstations Department and Control Centre Department.
- Progress Crane Upgrade Project for Lungga Power Station and the Workshop Building
- Continued with major vegetation management works in Honiara
- Upgrades of Low Voltage lines in Honiara and in the Outstations
- Complete inspections and pole maintenance across Feeder 11, Feeder 12, Betikama, Lungga, Ranadi and Geokama feeders.
- Energised 1,417 installations across the country resulting in an increase of the customer base by 5.5%
- 11kV/415V line network extensions were completed in Alligator, Titige, New Zealand Camp, and Betikama transformer relocations, in Guadalcanal Province, Tatarabebe & Babaleuka, and Malu'u LV line in Malaita Province, Tulagi in Central Islands Province, Kirakira LV interconnection in Makira Province.
- Successfully completed JICA phase 2 Kukum Highway preparatory Project.
- Renewable Energy Projects
  - Partially commissioned Malu'u Solar Hybrid Project
  - Commissioning of Tulagi Solar Hybrid Power Station.
  - Progressed with ADB funded hybrid systems at Kirakira, Munda and Lata
  - Progressed with MFAT funded hybrid systems at Hauhui, Namuga, Sasamunga and Vonunu
  - Progressed with World Bank funded projects at Baolo, Bina, Dala, Tingoa and Visale
  - Tina River Hydro Project: Continuous stakeholder engagement with SIG, Lenders and THL to address project constraints to enable start of construction of Hydropower Facility and Access Roads.
- Commission of Buala Power Station Civil Works Upgrade Project.
- Commission of Ranadi Head Quarter Electrical Room project
- Commission of Honiara power station Supervisory Control And Data Acquisition (SCADA) back-up room project
- Completed Line Mechanic Training
- Completed Apprentice Program

PLANS for 2024

- **Renewable Energy**
  - Commissioning of four (4) hybrid replacement generation systems for the existing Outstations at Kirakira, Lata, Malu'u, and Munda. ADB and SP funded with total capacity of 1.75MW
  - Progress installations of Solar Hybrid Generation Systems at Hauhui, Namugha, Sasamunga and Vonunu. MFAT and SP funded with total capacity of 0.75MW
  - Progress detailed design and start installations of Solar Hybrid Generation Systems at Baolo, Bina, Dala, Tingoa and Visale. WB and SP funded with total capacity of 1.086MW
  - Tina Hydropower Development Project. 15MW
    - Continuous stakeholder engagement with SIG, Lenders and THL to address project constraints to enable start of construction of Hydropower Facility
    - Continue with Transmission Line project according to plan
  - Acquisition of additional land in Honiara for Solar Plants
  - Continue with World Bank Solomon Island Renewable Energy Development Project
    - Henderson Fighter 1 2MW Grid connected solar
    - Honiara Substation BESS 9 MW/24 MWh
    - Ambu Solar Hybrid (1.5 MW solar PV, 1.0 MW/4 MWh BESS)
    - Solar PV Schools Rooftop (Su'u National Secondary School, and Rauvatu Community High School)
  - Recommissioning of Buala Hydro Plant
  - To explore options for Independent Power Producers (renewable energy) as well as Public Private Partnership
  - Head Office 220kW Rooftop Solar to be installed and commisioned.

- **Accessibility**
  - Commissioning of six (6) network Extensions in Honiara and in the provinces
  - Develop and implement SP's connection program for low income household
  - Commissioning of Buala Electrical Upgrade Project.

- **Reliability**
  - Continue to implement recovery plan, this includes restoration of H1, H2, and L9 generators in Honiara and procurement of new crane systems for Lungga Power Station.
  - Procurement of additional diesel generators for Honiara Power System and emergency generators for Honiara and Outstations
  - Implementation of a dedicated storage facility for critical spares in Honiara and procurement of critical spares for maintenance
  - Implementing recommendations from the generator conditional assessments done in December 2023
  - Commissioning of a Data Centre, Control Centre, and Call Centre Building at Lungga Power Station
  - Commissioning of Honiara SCADA Master Station project & Protection upgrade project
  - Commissioning of substation enclosure for East Honiara Substation and White River Substation upgrade Works
  - Honiara Power Station flood protection design to be completed
  - Design of Water Treatment Facility for Lungga Power Station to progress
  - Ongoing development and implementation of asset management practices
  - Development and implementation of a complete Distribution asset inspection and correction program
  - Continuous addressing of network constraints in Honiara and Outstations
  - Continuous support to the road upgrade works in Western Honiara
  - Battery replacements for Taro and Seghe hybrid systems
  - Completion of AK2 generator installations at Auki
  - National Grid Code

- **Affordability**
  - Continue with renewable energy plans to displace fuel and subsequently reduce fuel charges
  - Implement changes to Electricity Act 2023 Amendments as recommended by MMERE
  - Explore options for fuel hedging to reduce fuel costs and explore other options of IPP to reduce capital expenditure costs and subsequently non-fuel charges
  - Embracing financial sustainability by effectively managing financial resources
  - Achieve target of 2000 new connections per annum and subsequently increase kWh sold

- **Safety**
  - Continuous Safety Training for Staff and continuous community safety awareness sessions in the community and as well through Solomon Power's communication platforms such as email, website or through facebook.
  - Continue with vegetation management programs
  - Continue with inspections prior to energising of any property
  - Power quality monitoring of major customers

- **People**
  - Explore the opportunity to participate in World Banks Pacific Women in Power Program to further increase the number of women in leadership and women in technical field.
  - Continue with Auki Office Building project

- **Other**
  - Commissioning of Green Village - Building Works (Site Prep, Groundworks, Bulk Filling and Compaction, Retaining Walls, Fences and Gates)
  - Business Development Unit - other revenue streams
  - Cashpower Suprima Upgrade/Token Identifier (TID) Rollout.

Solomon Islands Electricity Authority Trading as **Solomon Power**

WHO WE ARE

Solomon Islands Electricity Authority (SIEA) trading as Solomon Power is a State Owned Enterprise.

OUR OBJECTIVES

Under Section 4 of the State Owned Enterprises Act, the principal objective of the Company is 'operate as a successful business', and to this end, be:

- As profitable and efficient as comparable businesses that are not owned by the Crown.
- A good employer.
- An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

To meet these objectives, Solomon Power strives to

Be as profitable and efficient as comparable businesses by:

- Within the Electricity and State Owned Enterprises Acts, installing, operating and maintaining electricity supply systems that meet the needs of connected customers.
- Developing and implementing capital investment plans, to improve electricity system performance and increase the network coverage of agreed areas.
- Seeking to recover efficient costs of the service provision.
- Improving the efficiency of services, whilst improving asset reliability and availability.

Be a good employer by Maintaining a well-qualified and motivated staff.

- Adopting HR policies that treat employees fairly and properly in all aspects of recruitment, retention and employment.
- Promoting a high level of safety throughout the organisation.

Act in a socially responsible manner by

- Building effective relationships with landowners, customer groups and interest groups that are affected by our activities.
- Improving environmental reporting and performance on issues that are caused by our electricity supply activities.
- Incorporating sustainability into our business activities, and working to improve sustainable outcomes in terms of resource management.

Nature and scope of our activities

Solomon Power's principal commercial activities, as defined under the Electricity Act, are the

- Generation and distribution of electrical supply to connected customers in approved areas,
- Operation, maintenance and development of assets that are necessary to achieve these outcomes on a long term, sustainable basis,
- Approved expansion of services to increased areas of operation.

Other regulatory functions

The Company is also mandated by the Electricity Act to perform the following regulatory functions:

- Be responsible for the registration of Electrical Contractors.
- Ensure that industries and contractors comply with the Electricity Act and the AS/NZS Wiring Standards, by inspecting all electrical installations before connecting to Solomon Power mains.
- Be responsible for the licensing of standby generators, Independent Power Producers (IPPs) and Cogeneration of power.

Members of the **Board**

David K.C. Quan, O.B.E.
Chairman

Muriel Ha'apue Dakamae
Director

James Apaniai
Director

Lilly Lomulo
Director

James Habu
Director

Natalie Kairi
Board Secretary

Executive Management


Martin Sam
Chief Executive Officer


Delilah Homelo
General Manager Customer Services / Deputy Chief Executive Officer


Jeremy Maneipuri
Chief Engineer


Joshua Tuasulia
Chief Financial Officer


Droumand Rupert
General Manager Corporate Services


Ila Tura
Chief Information & Communications Technology Officer


Noel Quan
Legal Counsel


Andrew Suka'a
General Manager Capital Works


Greg Manehugu
General Manager Special Projects and Planning

Senior Management


Joshua Suiramo
Deputy Chief Engineer


Geoffery Ossie
Manager Internal Audit


Levan Respioh
Manager Business Administration


Christian Siota
Manager Health, Safety, Security & Environment


Dalton Maesia
Manager Land, Building and Fleet


Gavin Gorazu
Information Technology Manager


Rose Tate
Manager Billing and Revenue


Sarah Rove
Manager Call Centre


Ake Poa
Senior Legal Officer


Lyndel Silas
Manager Customer Services


Darwin Ririmae
Manager Management Accounting


Stanley Teahohonoa
Marketing Manager


John Siau
Manager Regulatory


Dennis Palmer
Manager Finance


Salome Tahisihaka
Senior Learning and Employment Relations Officer


Dreadnaught Namohunu
Manager Transmission and Distribution


Dickson Alamania
Manager Generations and Outstations


Samson Wehi
Meter Engineer

Chairman's Letter

David K.C. Quan, O.B.E.
Chairman

2023 was a challenging year for Solomon Islands Electricity Authority trading as Solomon Power. For the first time in more than five years Solomon Power was not able to meet the power demands of Honiara City. This was as a result of the unavailability of multiple generators at Lungga Power Station from May 2023, leading to load shedding.

A recovery plan was established in June and was executed with precision resulting in a turnaround and ceasing of load shedding by October 2023, just in time for the 17th Pacific Games which was held at Honiara in November.

We acknowledge the support of our valued customers for their understanding, patience and support as well as the support of Solomon Islands Chamber of Commerce (SICCI) with dissemination of information throughout the period of load shedding.

We have investigated the causes of the unavailability of generators and also continued to review our policies, processes and procedures and amended them to avoid repeats of the same issue. We have also continued with the restructure of Engineering Division. Furthermore, we have carried out inspections and maintenance on the transmission and distribution network in Honiara as a preventative measure.

Despite the capacity challenge, Solomon Power continued to be one of the best performing State Owned Enterprises in the country, with a $50m net profit in 2023 and once again manage to complete its statutory accounts on schedule. I would like to acknowledge the tireless efforts of the management and staff of Solomon Power, and the support of my colleague directors on the Board.

2023 is the second year for Solomon Power's Corporate Strategy for 2022 – 2027 under the following Strategic Themes, An Effective Business Model, Financial Sustainability, Robust and Expanded Infrastructure, Engaged Stakeholders and Committed to Environment and Social Safeguards. As a national SOE committed to its people, Solomon Power is continuing to extend its reach and network to the provinces and will continue its goal of rolling out SBD1 Billion worth of investments around the country. This includes completing current and building new Grid Connect and Hybrid Solar Projects and the network extensions as well as ongoing maintenance of our ageing infrastructure.

Ultimately, Solomon Power's strategy to deliver affordable clean energy to its customers is to invest in renewables. This includes the Tina River Hydropower Development Project.

Solomon Power continued to support the community during the year as part of our corporate and social responsibility in 2023 with majority of the support towards the Pacific Games.

We continued to invest in our committed employees with skills development and promotion of staff into senior levels including appointment of Martin Sam (Chief Engineer) to be the Chief Executive Officer as well as localisation of two executive positions, one of which has been vacant for over two years.

While SP is a commercial entity, it will continue to support its shareholder, the Government of Solomon Islands in its various development aspirations. During the year, SP purchased a $35million bond from the government. It also paid dividends to government, as part of its board approved corporate dividend policy. On that note, I wish to thank our accountable Ministers; Minister of Finance and Treasury and Minister of Mines, Energy and Rural Electrification, for their continuous support to the Board and Management of Solomon Power during the year.

Last but not the least, I express my gratitude to our development partners; Australia, Asian Development Bank, Japan, New Zealand and World Bank for their support to Solomon Power in undertaking our various energy projects and developments around the country. Your support enables Solomon Islands to make headway towards its ambitious goal of 100% of Renewable Energy for Honiara by 2030 and 100% access to electricity for the whole country by 2050.

I once again thank the government, our customers, all stakeholders, partners, the management and staff, and Directors of the board for their cooperation to make it another successful year, 2023.

May God Bless Solomon Islands from shore to shore.

David K.C. Quan, O.B.E.
Chairman

Chief Executive Officer's Letter

Martin Sam
Chief Executive Officer

2023 has been the most challenging year faced by Solomon Power within the past decade.

The procurement challenges brought about by the COVID-19 pandemic in the past years having led to delays in the major overhaul of our plants resulted in five Honiara diesel generators being out of service during 2023. Load shedding was in place in Honiara from May to September 2023.

Despite the challenging operating environment, following the implementation of a recovery plan for the Honiara generators and as a result of the 17th Pacific Games, we recorded a new peak demand of 18.55MW in Honiara. Furthermore, there has been an increase of electricity kWh sold by 2% compared to 2022.

Solomon Power's customer numbers continued to grow by 5.5% to a total of 26,848 customers by the end of 2023. Included in this are 141 households connected under the Tina Hydro Community Benefit Sharing Project.

Solomon Power posted solid financial results in 2023 with a net profit of $50m. Remaining committed on generating and distributing electricity, all the while passionately pursuing and investing in the energy transition projects and upgrading of aging equipment, has once again constituted the backbone of our resilience and ability to deliver these remarkable financial results.

There were Forty-one (41) active capital infrastructure projects underway in 2023, with eighteen (18) additional projects in the planning and procurement phase to the total value of $1.112 Billion. While, some have been delayed by contractual matters, and global supply chain issues, network extension works were completed in Honiara, Malu'u, Tulagi and Kirakira. New office in Lata was opened in 2023 and preparatory works are currently being done in Auki for the new office in Auki.

The success of Solomon Power is a testament to our hard working staff. In 2023, there were 314 permanent staff. To boost productivity and ensure SP remains a good employer of choice, various human resource policies were reviewed, and both technical and administrative trainings were undertaken during the year. Moreover, as a safety conscious organization, SP strictly enforces health and safety measures.

Looking ahead, Solomon Power will continue with its Strategic Plan 2022 – 2027 that is linked to our $1 billion capital expansion plan. This updated plan aims to chart SP's progress into a greener, leaner and more commercially sustainable company for the next decade.

On that note, I would like to thank the Chairman and the Board Directors for the steadfast leadership in providing strategic guidance to management. Moreover, special appreciation goes to our stakeholders and especially our accountable Ministries; Ministry of Mines, Energy and Rural Electrification, and Ministry of Finance and Treasury for their policy support and guidance during the year.

I would also like to acknowledge my predecessor, the late Mr. Donald Kiriau for his invaluable contributions during his term as CEO of Solomon Power, especially for establishing this current Strategic Plan.

Finally, I extend my biggest thank you to our customers for their patronage in 2023. We look forward to another rewarding year in 2024.

May God Bless Solomon Islands, May God Bless Solomon Power

Martin Sam
Chief Executive Officer

ENGINEERING DIVISION

The year has been the most challenging faced by the team within the past decade. Unplanned outages related to the unavailability of multiple diesel generators at Lungga Power Station from May 2023 have led to significant load shedding that was in effect in the Capital from May to September 2023.

Listed below are some major network outages experienced during the year:

- Major load shedding due to shortage in generation capacity affecting the whole of Honiara from May to September 2023.
- Honiara to White River 33kV cable damages and therefore outages caused by road contractors throughout the month of December 2023
- Underground cable damage at Henderson in November therefore outage caused by excavation works
- Network faults on the underground cable that links Munda and Noro power systems
- Tulagi Station outages as a result of generator issues
- Taro and Seghe Station outages due to generator issues

In terms of our Honiara-based generation fleet, the continued procurement challenges brought about by the COVID-19 pandemic have led to delays in the major overhaul of our plants. Five diesel generators were out of service during 2023, which forced Management to procure emergency generators from New Zealand commissioned in Honiara by early November 2023 which significantly addressed the shortage in generation capacity.

A thorough generator conditional assessment was carried out for all of the Generators in Honiara to determine the health of our generation fleet. Procurement of crane systems for the Old Power Station Building and Workshop Building commenced in November 2023.

By the end of 2023, all generators at Lungga and Honiara Power Stations were operational except for three generators (one at Lungga Power Station and two at Honiara Power Station).

Honiara's maximum demand peaked at a new system record of 18.55 MW in November 2023, compared with the maximum demand for 2022, which peaked at 15.53 MW in October 2022. A demand growth of 3.32 % for the past decade.

The Distribution Department supported key infrastructure projects in Honiara and in the Outstations. Some of the successes in 2023 include the major relocation works for the JICA Phase 2 road upgrades, the commissioning of multiple network assets for the Pacific Games Facilities, new networks for the new University of South Pacific Campus in Honiara, new networks for the new International terminal building in Munda, and many others.

The Regulatory Department continued to perform its regulatory functions by carrying out inspections of new and upgraded installations in Honiara and at the Outstations. A new Grid Code for the energy sector was progressed successfully in 2023 with the aim of completion in 2024.

The restructure of the Engineering Division to form a new Outstation Department and Control Centre Department progressed well in 2023 with the expectancy to be completed in the first half of 2024.

Ann-Marie Daka, genset inspection and installation.

Generation Honiara

Power generation capacity in Honiara was significantly challenged due to the unavailability of a number of generators in the year as unplanned outages impacted operations. As a result of this, Honiara City experienced significant load shedding throughout the Capital for a period of five months from May to October 2023. This started when four of our generators (L4, L7, L10, and H2) broke down in May 2023 and then another generator (H1) in June. Service engineers were dispatched and commenced working on the respective generators and a decision was reached to hire emergency generators from New Zealand as part of a recovery plan aimed at restoring normalcy of power supply in the Capital.

Our generator recovery plan was implemented as follows:

- Man Diesel Service Engineer attending to L4 Man Diesel engine in May. L4 was then restored in July.
- Wartsila Service Engineer dispatched in June and supervised the L7 overhaul since it is also due. Generator was returned to commercial operation in early October
- Niigata Service Engineers (2) were dispatched to site in April and supervised the major overhaul. Work was suspended upon completion of the main engine rebuild while turbocharger parts ordered could not arrive in time during the rebuilding stage. The generator was commissioned on their second visit in early November.
- 7 x Containerized generators with operating capacity of up to 4.8 MW were procured under lease arrangement in August 2023. The sets arrived in late October and were later installed and commissioned by early November.
- The top overhaul on H2 commenced in May due to a force shutdown on high coolant temperature caused by excessive radiator leakage. Attempts to restore the generator (although installed with a new radiator) were faced with several defects picked up during the commissioning period. The generator remains under service as an investigation to determine the root cause is not finalised.
- Work on H1 commenced simultaneously with H2. However, the recommendation put forward to carry out a major overhaul has been pending the completion of H2.

With the implementation of the above generator recovery plan, normal power supply was fully restored and load shedding ceased by the end of October 2023. This was just in time for the Pacific Games in Honiara held in November 2023. Due to the games, the Honiara power system recorded a new record peak demand of 18.55 MW.

Lungga Electrical Team

Transmission & Distribution

The Distribution Department continued to pursue major activities relating to system operations and maintenance of Distribution networks in Honiara and at the Outstations.

Major works carried out by the Distribution Department in 2023 include:

- As part of providing reliable power for the Pacific Games, the team completed the following works:
  - Installation and commissioning of a 3-way Ring Main Unit and 2 x 1 MVA Transformers for the National Stadium.
  - Installation, upgrade, and commissioning of new High Voltage (HV) lines and cables in front of the National Stadium game venues
  - Installation and commissioning of a 3-way Ring Main Unit, and a 1 x 1 MVA & 1 x 1.5 MVA Transformers for the Aquatic Centre with associated cabling works
  - Installation and commissioning of a 3-way Ring Main Unit and 2 x 500 kVA Transformers for the Running Track facility with associated cabling
  - Installation and commissioning of dedicated/upgraded transformer (300kVA) for Reefer containers at the main Dining Hall for the athletes
  - Installation and commissioning of 1 x 500 kVA Transformer for the SIFF Academy site with associated cabling works
  - Installation and commissioning of 1 x 1.5 MVA Transformer for USP new campus with associated cabling works
  - Upgrade and complete maintenance of networks supplying key accommodation venues for the athletes throughout Honiara
- Installation and commissioning of a 3-way Ring Main Unit and 1 x 500 kVA Transformer for the New Munda terminal with associated cabling works
- Support and Installation of HV cable for Emergency Generators at Lungga Power Station
- West Ranadi new cable installation and removal of overhead lines (500 meters) for Solomon Water's project along the main road
- Complete upgrade of street lights from Panatina Campus to Mataniko
- Installation of HV link/connection between Kola North and Kola West 11kV Feeders for added system flexibility

Major Maintenance completed include:

- Upgrades of Low Voltage lines around White River areas
- Completion of major vegetation management works for Honiara Feeder 1
- Complete inspection and pole maintenance across Feeder 11, Feeder 12, Betikama, Lungga, Ranadi, and Geokama Feeders
- Kaibia area Low Voltage line realignment and upgrade
- 33kV overhead complete inspections from Lungga Power Station to Honiara Power Station
- 33kV cable repairs in Honiara
- Air break Switches replacements along the Betikama Feeder
- Gilbert camp RMU as part of ensuring system flexibility and improved reliability within these areas
- Relocation and upgrade of HV and Low Voltage (LV) lines and transformer at Vara Creek areas
- Low voltage issues resolved for:
  - Tanakake area
  - Telekom towers at Papaho, Lungga, and Kingdom Hall areas

At the Outstations:

- Kilufi (Auki) LV lines upgrade and maintenance
- Seghe LV cable re-routing for Airfield Upgrades
- Noro-Munda 11kV Cable Repair works
- Two air break switches replacement Noro
- Upgrade of a Ring Main Unit in Noro from oil-filled to gas-filled ones
- Complete scoping of certain upgrades to be done in Outstations in 2024/2025

Outstations

Despite the operational challenges encountered throughout 2023, the majority of the sites throughout the Outstation portfolio were operational with a few exceptions particularly with Tulagi, Noro, and Malu'u due to unplanned generation outages.

Tulagi experienced a total power outage and load shedding after moving the TG1 engine to the new Solar Hybrid Site and prior to its commissioning in September. The total power outage at Tulagi occurred in August.

Munda system was on island mode since June after the Noro N1 engine was shut down due to a fuel system issue. N1 engine was finally restored to operation in December 2023 and Munda and Noro systems were supplied normally again.

Malu'u Outstation became critical after two of its generators (ML3 and ML4) encountered alternator issues in September. The load was supplied with the support of the new Solar Hybrid Kohler genset.

The Buala Hydro major service and installation of the new Hydraulic Pack Unit works finally commenced in late December and now 90% completed by the end of 2023. The in-house team led and carried out the work with remote support from the supplier. Pending work includes the Hydro-alignment and electrical control upgrade which is expected to complete by early 2024.

Another task earmarked as part of the capacity building for the team was the installation of a new generator (AK2) for Auki Power Station. The scope includes the removal of the AK4 Cummins engine. Plans and schedules for these tasks were finally locked and confirmed for January 2024 after the team did a final site visit to Auki in late December 2023. AK2 engine is expected to be commissioned in early 2024.

Regulatory

The Regulatory Department continued to carry out its role as the Regulator in the Electricity industry by ensuring the electrical installations comply with the AS/NZ3000 Wiring Standards. The department also supported licensed electricians and electrical contractors by providing regular updates and regulations by means of carrying out progressive and final inspections on wiring installations.

One of the functions of the Regulatory Department is to license Grade A & B electricians as provided for in the Electricity Regulations 52 of the Solomon Islands Electricity Act. An interim licensing framework was set up in 2018 following the signing of a memorandum of understanding between Solomon Power and Energy Skills Australia. Under this arrangement, licensing assessments were carried out for both the theory and practical assessments.

By the end of 2023, 72 licenses were issued of which 15 are electrician licenses from Solomon Power, and 57 from private contractor companies, and License renewals are done yearly.

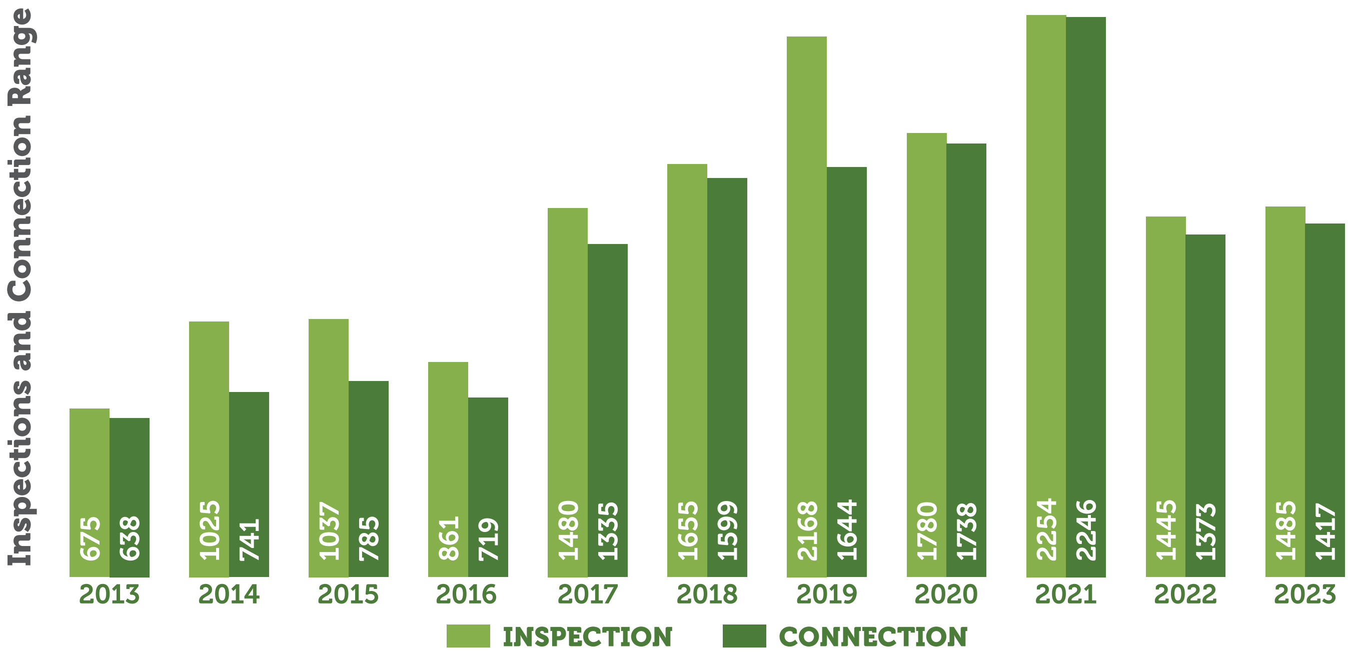
The testing of new and used energy meters progressed during the year. A total of 2,647 new energy meters were tested. This is an increase in the number of energy meters tested compared with 2022 due to the technical issue with the Meter Test Bench rectified and fully restored to full operation.

Licensing of private generators rated at 50kW and above was carried out with a new approach of conducting mass diesel generator surveys within the power grid. By the end of the year, a total of 43 licenses were issued while 65 private generators less than 50KW were inspected and issued with safety compliance certificates.

1,417 installations were energized compared with 1,373 in 2022. Of the total energized 1,215 were normal customers and 202 were customers under the Output Based Aid (OBA) program funded by the World Bank.

David Siriu (Principal Electrical Inspector) carrying out customer main switch board verification.

Yearly Graph of Inspection and Connections for 2013 - 2023



Power System Reliability

Solomon Power's System Reliability in Honiara is measured using the internationally accepted performance indicators as follows:

The System Average Interruption Duration Index (SAIDI)
SAIDI defines the average interruption duration per customer served per year.
SAIDI = (Sum of Customer Interruption Durations / Total number of Customers served)

For Honiara, this was measured to be 2044.45 minutes, compared to 172.07 minutes in 2022, a significant increase of 1,872.40 minutes.

The System Average Interruption Frequency Index (SAIFI)
SAIFI defines the average number of times a customer's service is interrupted during a year for longer than 2 seconds. A customer interruption is defined as one interruption to a customer.
SAIFI = (Total number of customer interruptions/Total number of customers served)
For Honiara, this was measured to be 17.21 times, compared to 1.05 times in 2022, an increase of 16.2 times.

The Customer Average Interruption Duration Index (CAIDI)
This is a measure of the average number of times (minutes) that a customer is without power per interruption.
For Honiara, this was measured to be 122.61 minutes per interruption, compared to 156.68 minutes in 2021, a decrease of 34.1 minutes.

The overall increase (deterioration) of the systems reliability figures for the Honiara network is a result of the major load shedding due to a significant shortage in available generation capacity for 6 months in 2023.

Energy produced in 2023 compared with 2017, 2018, 2019 2020, 2021, and 2022 is as shown in the table below. Lungga and Honiara operations produced 88.7 GWh (88%) whilst the Outstations and the Henderson solar plant produced 12.5 GWh (12%).

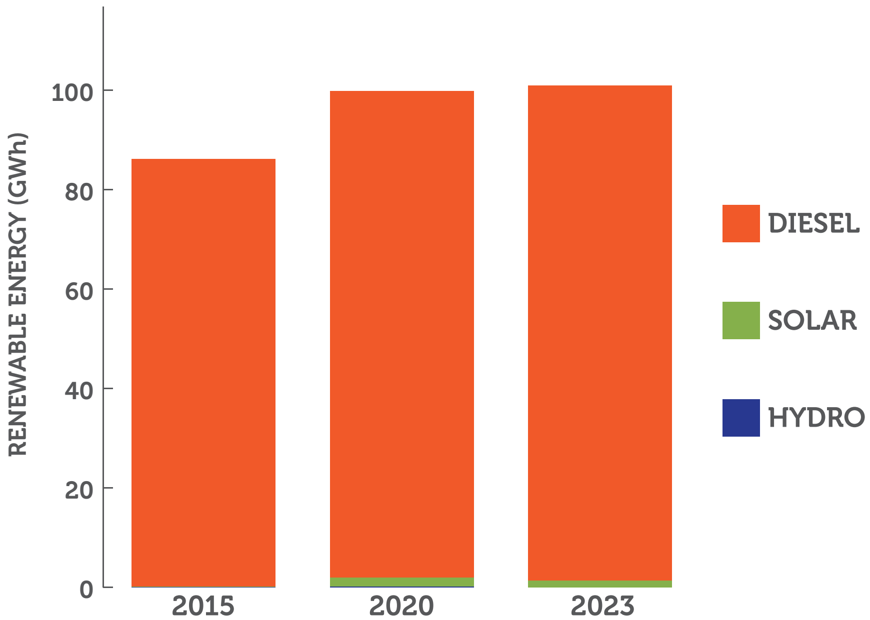
Energy Produced

Energy produced in 2023 compared with 2017, 2018, 2019 2020, 2021, and 2022 is as shown in the table below. Lungga and Honiara operations produced 88.7 GWh (88%) whilst the Outstations and the Henderson solar plant produced 12.5 GWh (12%).

Station	2017	2018	2019	2020	2021	2022	2023
Lungga	80.73	81.75	83.04	83.74	83.46	81.96	86.70
Honiara	1.65	2.46	2.80	1.85	1.52	2.40	1.99
Outstations	9.73	11.17	11.77	11.96	11.67	11.60	11.39
Henderson Solar (2MW)	1.19	0.89	1.47	1.40	1.30	1.35	1.08
Ranadi Solar (50kW)	0.042	0.015	N/A	N/A	N/A	N/A	N/A
Independent Power Producers (IPP)	0.94	0	0	0	0	0	0
Total	**94.28**	**96.29**	**99.08**	**98.95**	**97.95**	**97.31**	**101.16**

The demand for electricity in Honiara in 2023 peaked at 18,547 kilowatts compared with 15,530 kilowatts in 2022, an increase of around 19% from 2022 and 3% increase looking at the last 10-year period.

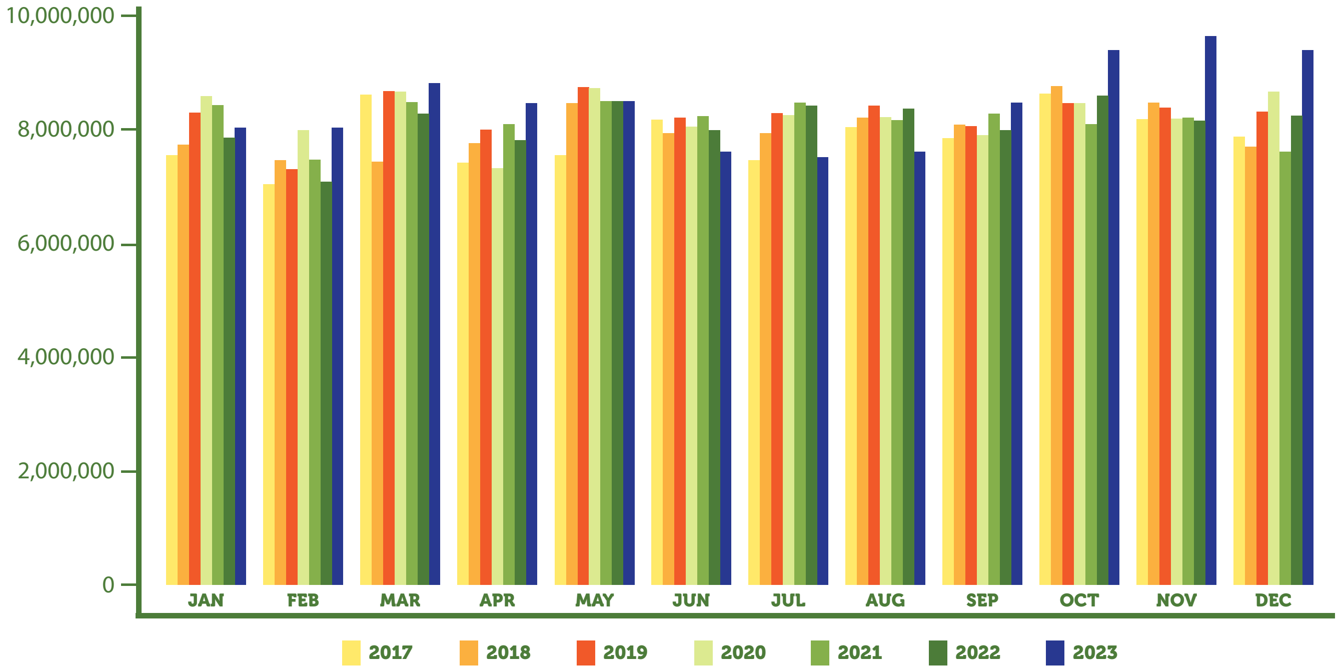
Share of Energy Source in Electricity Mix



Henderson Fighter 1 2MW Solar Farm

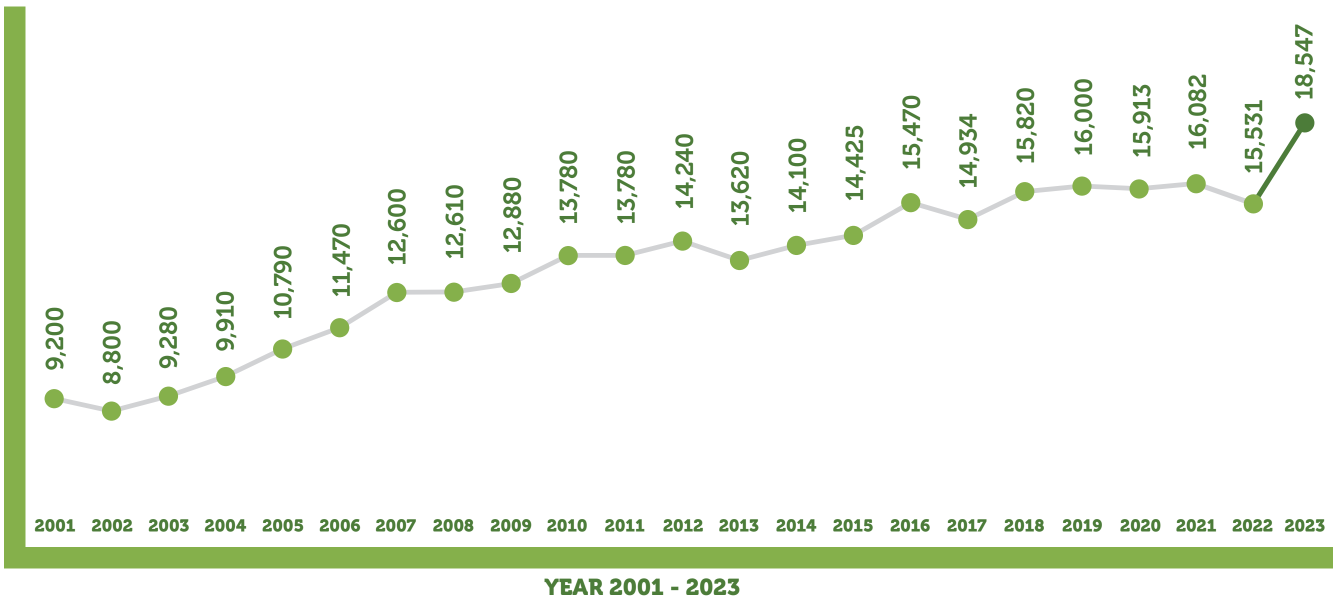
Generation Statistics

Energy Produced by All Stations from 2017 to 2023



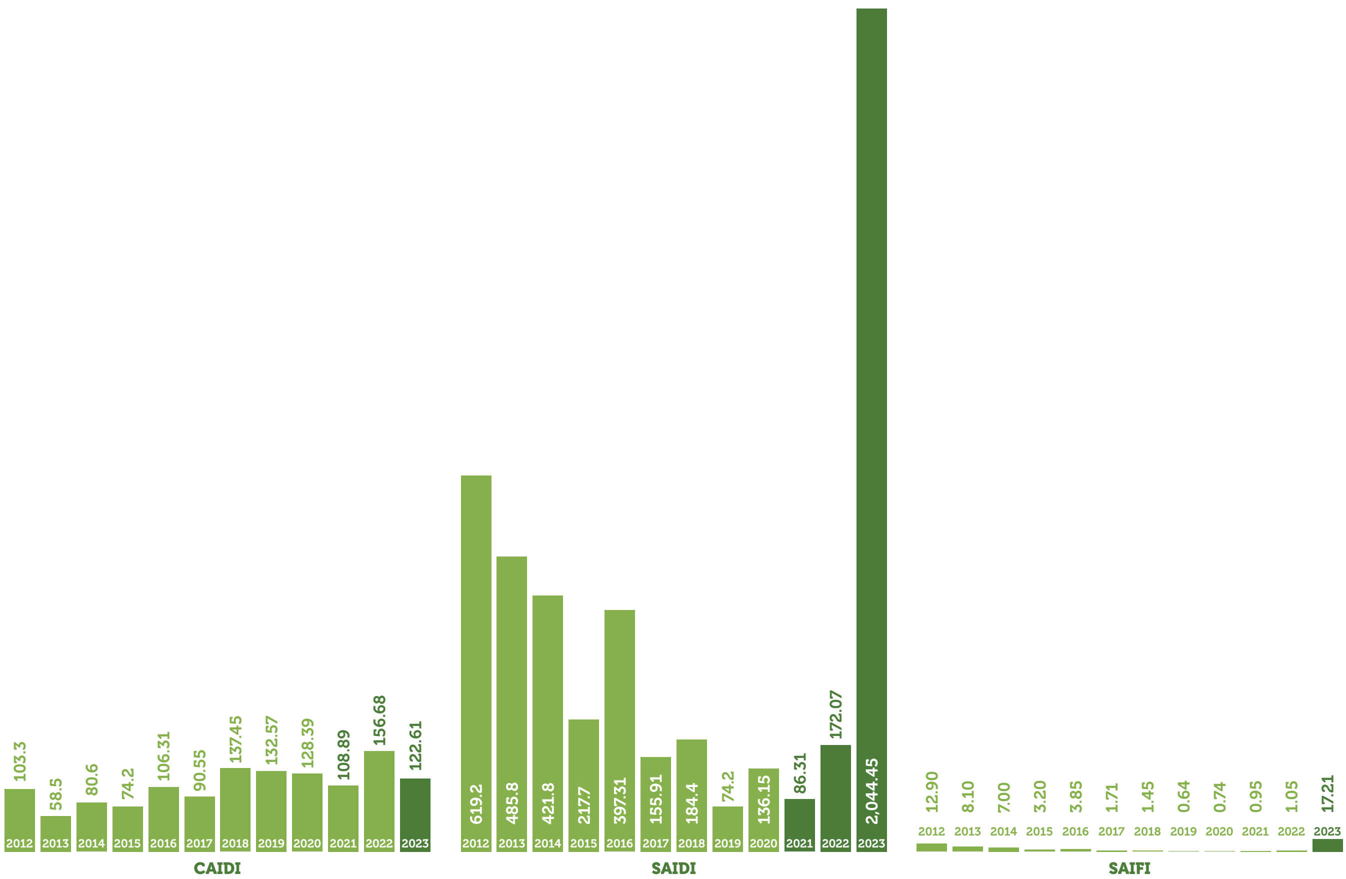
Kirakira Solar Farm

Honiara Peak Demand (kW) from 2001 to 2023



System Performance Indicators for Honiara from 2012 to 2023 are shown in the histogram below:

Summary of Network Performance Indicators for Honiara 2012 to 2023



CAPITAL WORKS DIVISION

There were Forty-one (41) active capital infrastructure projects underway in 2023, with eighteen (18) additional projects in the planning and procurement phase to the total value of $1.112 Billion. Of these, the following were accomplished during the year:

- Completion and commissioning of:
  - 11kV/415V line network extensions were completed in Alligator, Titinge, New Zealand Camp, and Betikama TX relocation, in Guadalcanal Province, Tatarabebe & Babaleuka, and Malu'u LV line in Malaita Province, Tulagi in Central Islands Province, Kirakira LV interconnection in Makira Province.
  - Partially commissioned Malu'u Solar Hybrid Projects.
  - Commission of; Tulagi Solar Hybrid Power station, Buala Power Station Civil Works Upgrade Project, JICA phase 2 Kukum Highway preparatory Project, Ranadi HQ Electrical Room project, Honiara power station SCADA back-up room project
- Contracts signed for the following projects:
  - Betikama TX relocation Network Extension Project
  - Tatarabebe & Babaleuka Network Extension Project
  - Tulagi Network Extension Project
  - Kirakira LV interconnection Project
  - Old Lungga Power Station Electrical Upgrade Project
  - Lungga Power Transformer project
  - Baolo Solar Hybrid Generation System Project
  - Dala Solar Hybrid Generation System Project
  - Bina Solar Hybrid Generation System Project
  - Visale Solar Hybrid Generation System Project
  - Tingoa Solar Hybrid Generation System Project
  - Ranadi HQ Electrical Room project
  - Honiara power station SCADA back-up room project
  - White River Sub-station upgrade project
  - Green Village - Building Works (Site Prep, Groundworks, Bulk Filling & Compaction, Retaining Walls, Fences and Gates)
- Projects approved and awaiting tendering and contract signing in 2023:
  - Optical Ground Wire Project
  - Tanagai Solar Farm Project
  - Network Extension
    - Papaho
    - Tasahe
    - Tenaru and Corona Market
    - Kirakira Police station
- Solomon Island Renewable Energy Development Project
  - Henderson Fighter 1 2MW Grid connected solar
  - Honiara Substation BESS 9 MW/24 MWh
  - Ambu Solar Hybrid (1.5 MW solar PV, 1.0 MW/4 MWh BESS)
  - Solar PV Schools Rooftop (Su'u National Secondary School, and Rauvatu Community High School)
- Progress with Town Ground/ White River Land and Maritime Connectivity Project (LMCP) Road Upgrade Project

Henderson Fighter 1 underground trenching.

SPECIAL PROJECT & PLANNING DIVISION

With the engagement of external technical consultants, the Underground Optical Fiber Project, is now moving into the detailed design phase, aiming to finalize drawings and specifications for the fiber by January 2024. This is a crucial integration aspect for the Honiara generation, transmission and distribution of electricity or the system as a whole. It is aimed to enhance robust communication between existing and future substations likewise to cater further improvements and introduction of future Variable Renewable Energy.

Significant progress has been made in the Honiara GIS data collection and audit initiative, initiated in the first quarter of 2023. Updates for the East Honiara feeder were successfully completed by December 2023, with ongoing activities to comprehensively review the GIS customer database. Notably, data for customers energized up to mid-December 2023 has been effectively updated. Further, GIS field updates and audits for network and customers in the Provincial Outstations were successfully completed and anticipated update inline with new connected customers.

Aligning with SP's mission of creating access and grid expansion, the team also obtained approval from the Board of Directors for three (3) additional network extensions in Honiara Grid worth SBD10million for the year 2024 – 2025 financial year.

Progress has been made in topographical survey works for proposed solar sites in Ngalibiu, Tenaru, and Mamara, with reporting expected to be completed for review by January 2024. With the efforts to maximize renewable energy capacity mix in Honiara, the team is pursuing not less than 20 hectares of land. Land acquisition and detailed technical studies is anticipated to be carried out and completed within the second quarter of 2024.

Support for key projects under the Solomon Islands Renewable Energy Development Projects (SIREDP) has been provided through documentation and design reviews. Preparatory work for bidding documents for these projects was finalized in December 2023 and circulated with development partner and its technical representative. The Team will provide support to SIG as well as respective stakeholders and is anticipating implementation of the SIREDIP in 2024.

The Team has taken the lead and accomplished the Phase 1 of Asset Management Roadmap for SP. With the remaining three Phases likely to eventuate in 2024, SP has an initiative to work alongside the technical support consultant to address quick fixes and monitoring plans for its existing assets aiming to achieve it in year 2024.

Throughout 2023, the team actively engaged in various components of Tina River Hydropower Development Project (TRHDP). These include collaboration and continuous review of detailed design for the proposed 15 megawatt hydropower plant, achievement of extending and connecting a total of 141 customers in the Tina network extension under the Community Benefit Sharing Project (CBSP) and dealing with the Project Company's consolidated claim since 2019. SP remains committed and have entered into an understanding through a Project Agreement with World Bank to further implement Phase 2 under CBSP in 2024 and 2025. In terms of the consolidated claims' negotiation under the Power Purchase Agreement (PPA) signed by SP and THL, it is anticipated that parties will have a commercial settlement on both time and cost in 2024. It is imminent that the Project Commercial Operational Date (PCOD) will be revised upon formalities and the revised PCOD for the Hydropower is likely in 2028.

SIEA also remains committed to the Component 3 (Transmission Lines - TL) of the TRHDP and have made achievements such as finalizing an Environmental Social Management Plan that will be developed further in detail to address environment, social and safeguards prior to construction. Not only that but the internal Project Management Unit (PMU) remains committed to overseeing Procurement Strategy and plans to soon procure for a construction contractor for the TL. One of the key challenges that the team is also dealing with is the ongoing informal settlement within the acquired easement for the TL project. The Team has exhausted mitigation measures though unsuccessful but will continue to progress this with relevant stakeholders and authority to achieve better outcomes without impeding the implementation of the TL project.

Since establishment of the Business Development Unit (BDU) under the Special Projects and Planning in 2022, BDU has undertaken and progressed commercial and technical studies to better the initiative of streamlining revenue from other means other than SP's core and mandated business activities. This initiative aligns its 2022 – 2027 Strategic Plan. Additionally, during the year BDU has also initiated the organization's Business Continuity plan and developed a framework that will be further developed into a robust strategy and this is anticipated to progress in 2024 leading up to its implementation across respective divisions within the organization.

With the closure of Output Based Aid (OBA) program under the Solomon Islands Electricity Access Expansion (SIEAEP) which was funded by World Bank towards the end of 2022 and throughout 2023, SP has taken an initiative and explored options to subsidize costs for house wiring and service line connections for customers. The Team has worked on a report to assess financial, technical and social approaches in order to subsidize under SP's expenditures. Given the track record and success of the OBA program, the team will seek the Board of Directors in the first quarter of 2024 for endorsement to pilot a subsidized program that will be fully funded by SP to increase accessibility and affordability in terms of upfront costs for connections. To date the OBA program has connected up to a total of 5258 customers consisting of Honiara and Provincial Outstations.

CUSTOMER SERVICES DIVISION

Customer Services Division is responsible for all customer issues, being the first point of contact for the customers in terms of enquiries through to connections and management of customer accounts and metering. Customer Services tasks are performed in Honiara as well as at the eleven Outstations namely Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro and Tulagi; all contributing to SP's vision to make electricity affordable and accessible to Solomon Islanders which is in line with the national objective to energise our nation by year 2050.

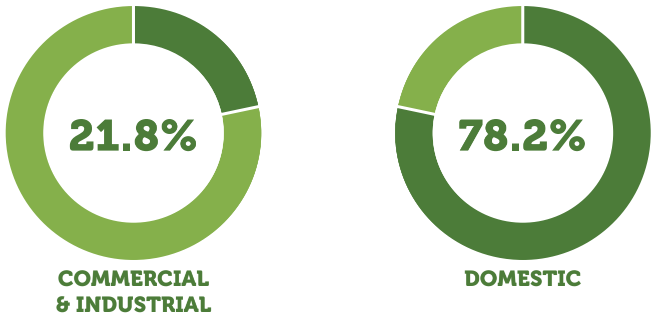
As at 31st December 2023, 26,848 customers were registered and connected to our Honiara and Outstations network as compared to 25,457 in 2022 and 24,372 in 2021.

Total OBA customers registered as at December 2023 was 5,181.

Number of Customers 2016 to 2023

Customers by Tariff Category December 2023

PRE PAID & POST PAID CUSTOMERS



CUSTOMER BY TARIFF CATEGORY	
Domestic	20,998
Commercial	5,816
Industrial	34

In terms of customers by tariff category for both post-paid and prepaid, 78.2% of customers are on the domestic rate, 21.8% are on the commercial and industrial rates.

SP continue its programme to extend the electricity network in Honiara and at the Outstations in 2023. Community awareness sessions go hand in hand with network extension plans, customer applications and customer connectivity. Eight community awareness programmes were held throughout the nation in 2023.

To assist prepaid customers with payment options, we currently have agreements with Aelan Digital Services (ADS) Limited, Bred Bank, Iumi Cash Limited, Bank of South Pacific, Pan Oceanic Bank and Solomon Postal Corporation Ezipei. In 2023, we saw an increase by 13% mobile topup cashpower transactions from 579,132 in 2022 to 654,477. As at end of 2023, 61% of cashpower transactions were conducted through these vendors.

For our customers in the Provinces, in 2023, we opened the new Lata Office. We are also in the process of building a new Office in Auki.

Our new connections process, is our greatest area of concern with the highest number of customer follow ups. In July 2023 commenced our tracking and reporting of our customer waiting time for new connections. We have also established standard timeframes for each section of the new connections process.

Our call Centre numbers 166 & 167 operates twenty-four hours a day, seven days a week. We continued

Total Customer Count by Location December 2023

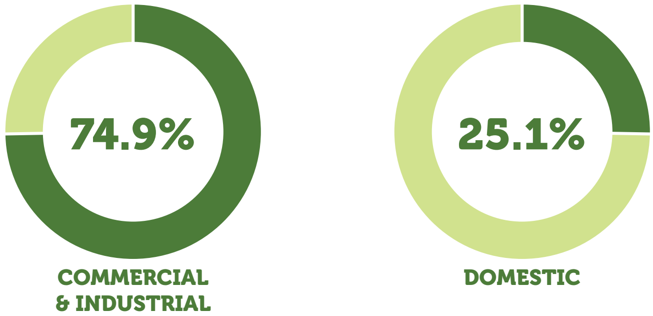
Location	Postpaid	Prepaid	Total
Honiara	1,650	18,912	20,562
Auki	138	1,550	1,688
Gizo	94	999	1,093
Noro	80	729	809
Munda	30	613	643
Tulagi	33	234	267
Kirakira	35	263	298
Buala	35	253	288
Lata	36	280	316
Malu'u	17	388	405
Taro	19	326	345
Seghe	5	129	134
	2,172	24,676	26,848

to utilize our Call Centre to support our fault reporting as well inform customers on outages. In 2023, we received an average of 4,003 calls per month.

Keeping customers informed of our activities, our charges of supply of electricity and outages both planned and unplanned outages is of great importance to the Solomon Power. In 2023 we continued to keep our customers informed through our facebook page, , print media, emails, radio and on our website www.solomonpower.com.sb.

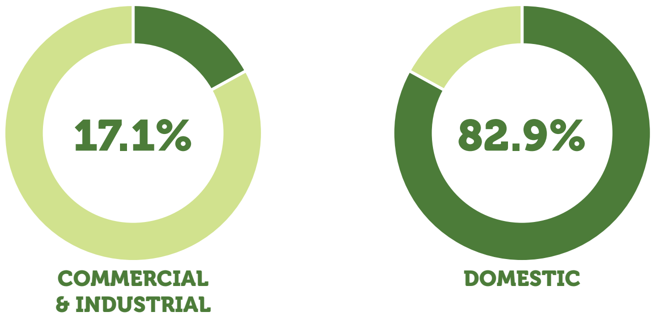
During the year, we protected our revenues by ensuring accuracy of our meters in customer premises. In 2023 we checked more than 1500 installations. For faulty or illegal bypass meters, average bills were computed and charged to the customer. This is to ensure we recover revenue for the period that the meters were not recording any usage.

POST PAID CUSTOMERS



For the post-paid category 74.9% are commercial & industrial customers and 25.1% are domestic customers.

PRE PAID CUSTOMERS



Commercial customers make up 17.1% of prepaid customers while 82.9% are domestic customers.

Solomon Power Customer Services Division.

FINANCE DIVISION

Operating Results

Solomon Power posted solid financial results in 2023, in a year that was not short of strong and persistent economic and supply chain-related headwinds on a global scale and operational challenges in some of our assets.

Remaining committed on generating and distributing electricity, all the while passionately pursuing and investing in the energy transition projects and upgrading of aging equipment, has once again constituted the backbone of our resilience and ability to deliver these remarkable financial results.

We posted similar outstanding results in the key financial indicators that we regularly monitor and report as a measure of performance. Although our operating profit reached $50 million, it was less compared to the operating profit of $ 75 million in 2022. Adjusted operating profit which negates the impact of non-routine, unusual or non-operational items reach $70 million a decrease of 6% compared to $75million reported in 2022. The decrease in operating profit was largely driven by increase in generator repairs as a result of various technical issues experience by some of our generators and additional emergency generators we lease to maintain our generation capacity.

In addition to the positive financial contribution from our operations, we had revalued our generation and distribution assets to fair value which resulted in a net increment of $204 million which help us record a stellar growth in our total asset value of up to $2 billion at the close of this financial year. Return on Capital Employed was 14.5% compared to 5.0% in 2022 and Return on Assets were 12.7% compared to 4.3% in 2022 respectively

Cash and cash equivalent as at year-end was $228 million compared to $287 million. The decrease reflects increase in our investments in capital projects and investment in government bonds.

Capital Expenditure

Total capital expenditure was $176 million, an increase of $14 million or 9% on the prior period with the increase reflecting continued investment in infrastructure to support the increase of electricity access, investments in renewable energy and upgrades to our aging equipment. Electricity network capital expenditure continues to be at historical high levels due to investment to improve the reliability and resilience of our network as well as higher growth capital expenditure reflecting the continued increase in connections and infrastructure projects.

Dividend

In line with our board approved dividend policy, five percent of operating profit will be pay-out as dividend to the shareholder subject to board approval.

Solomon Power Finance Division

INFORMATION, COMMUNICATION & TECHNOLOGY DIVISION

Solomon Power (SP) relies on Information and Communications Technology (ICT) to support its day-to-day business operations and the ICT Group supports the business areas by:

- Supporting the full suite of business applications for: Finance, Corporate Services, Customer Services, Administration, Distribution, Generation, Capital Works, Special Projects & Planning, Legal and all operational software needs;
- Provision of communications network connections to offices and power house sites across Honiara (including renewable energy sites);
- Providing links to the current 11 Outstations in the Provinces at: Auki, Buala, Gizo, Lata, Kirakira, Malu'u, Munda, Noro, Seghe, Taro and Tulagi;
- Connecting all full-time staff and additional contractors and service providers;
- Managing Desktop PCs, Laptops, Printers and Telephones for department operations;
- Running 24 Production and 21 Disaster Recovery (DR) servers across three (3) Data Centre environments; and
- Managing 160 Terabytes of storage space for corporate information.

As part of the development for a growing organisation, the ICT Group has continued working on upgrading all of SP's IT Platforms, finding solutions, improving processes, meeting expectations and guiding staff to use the technology effectively.

We have in 2023:

- Progressed the delivery of the Fibre Optic MOU Exit Project, by installing links alternative to the SIG provided communications at the remaining sites, Seghe and Lata.
- Installed redundant internet links at those sites that had only one ISP service available.
- Expanded and set up SP network solutions at proposed sites as identified by the Capital Works Department and Properties Department for 2023.
- Planned, implemented and commissioned the ICT infrastructure and relocation of hardware and systems to the newly built Lata office.
- Progressed the ongoing delivery of the New Data Centre, Call Centre and Control Centre (SCADA) Projects, at Lungga.
- Provided support to the Kukum Highway Upgrade Project with regard to where SP fibre optic cable.
- Progressed with other stakeholders in developing further the potential new income streams for SP through the use of the ICT Infrastructure or Assets, as services.
- Assisted in implementing Phase 1 of the SP Asset Management Project for Generation, Transmission and Distribution Assets.
- Procured and provided fifty (50) new laptops to staff for the 2023 FY.
- Reviewed the implemented further improvements to the SP BCP (Business Continuity Plan) and ICT Risk Controls. This included the purchase and commissioning of an additional new server and data backup software upgrades.
- Progressed the rollout of the Time Clock System to the remaining outstation (Malu'u).
- Progressed the ongoing implementation of the automated Staff Leave Application and Approval Process System (Phase 1).
- Provided initial technical support for potential new Cash Power vendors (Bmobile and Telekom).
- Recruited the 'Digital Innovation Officer (DIO)'. The DIO will help progress SP's digital projects identified.
- Implemented further the content, use and training of the Share-Point Content Management tool and successfully launched SP's Intranet.
- Completed the Analysis and Concept Design of the Re-design and Management of the SP Website.
- Provided printer solutions to our offices as required.
- Install additional Zoom and Video-Conference facilities in the provincial offices (Gizo, Noro and Auki).
- Introduced and setup 'Hot Desk' facilities at selected offices to allow access to computers/system for mobile SP staff.
- Provided Cyber Awareness Training to Honiara based staff as well as those in the provinces (Taro, Seghe, Buala, Tulagi, Kirakira, Malu'u and Lata).
- Completed the hardware upgrades for the Suprima Cash Power System TID and CTS Meters Roll Over Upgrade Project.
- Upgraded as planned ICT Network devices (Radios, Switches, UPS, Wifi) to standardise infrastructure and maintain performance.
- Successfully upgraded the Windows and Exchange Server Versions due for EOL (End of Life).
- Continued to review and negotiate savings for our growing telecommunications requirements.
- Ensure our ICT Staff trainings are met and opportunities for learning and succession are progressed.
- Facilitate the SP Monthly tariff updates in the system.

Solomon Power Information, Communication & Technnology Division.

CORPORATE SERVICES DIVISION

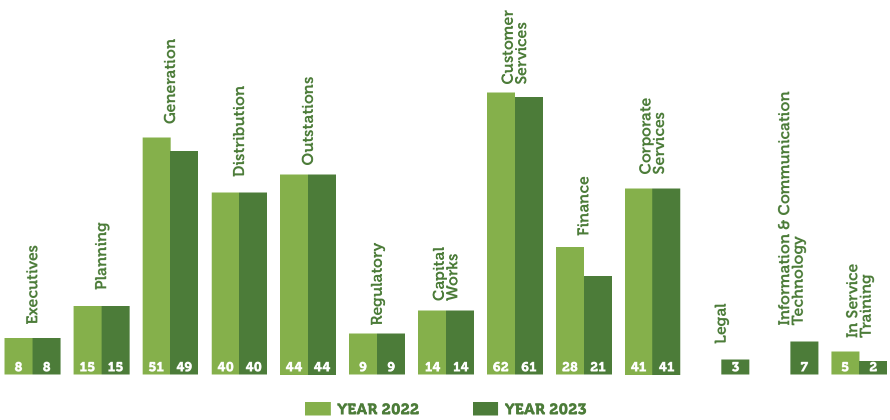
The Corporate Services Division provides support services to other Divisions across the organization through its Human Resources, Business Administration, Health, Safety, Security & Environment, Lands, Buildings and Fleet and Internal Audit.

Human Resources and Business Administration

At the end of 2023, SP had a total number of 314 permanent employees, compared to 317 at the end of 2022. This was a decrease of 0.9%.

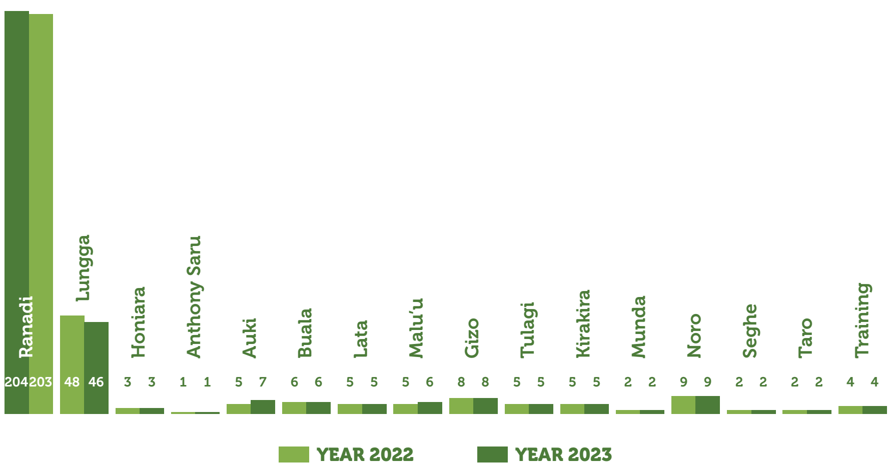
The graph below shows the number of permanent employees by divisions at the end of 2023, compared to the end of 2022.

Employees by Divisions/Departments



The graph below shows the number of permanent employees by locations at the end of 2023, compared to the end of 2022.

Employees by Locations



Highlights in 2023

- The Staff Resiliency Program which started in October 2022 continued in 2023. The purpose of the program is to find out issues affecting staff and identify strategies to address their issues.
- Two-year service agreement was signed with all SP private medical clinics.
- Automation of timesheet for Malu'u and Lata completed.
- Successful completion of the two internally managed training programs, of Line mechanics and Apprentices. All of them, except one Apprentice, have now been absorbed to permanent positions.
- The second Staff Awards ceremony was organised to recognised outstanding staff performance in year 2022
- Support to the 2023 Pacific Games by secondment of one staff to the Games Organising Committee (GOC) and participate in the general clean-up campaigns.
- Review of the following policies in the Human Resources and Procedures Manual (HRPPM):
  - Training and Development Policy
  - Temporary Fixed Term Employees
  - Succession Plan Policy
- Review of the Fleet Manual Policy:
  - Management of over speeding
  - Vehicle disposal
- Appointments of key Executive Management roles of Chief Executive Officer, the Deputy Chief Executive Officer, Chief Engineer, General Manager Capital Works and General Manager Special Projects and Planning.

Asset Network Relocation,
Phase 2 JICA Kukum Highway Road Upgrade.

Training & Development

To continually develop and update the knowledge, skills and competencies of its employees, SP has invested extensively in its training and development programmes.

Long-Term Training:
Twenty-two (22) employees continued with their long-term study programmes in 2023, in the following areas:

- Masters of Business Administration
- Bachelor of Commerce (Accounting, Management & Public Administration)
- Bachelor of Commerce (Human Resources, Employee Relations and Public Administration)
- Bachelor of Entrepreneurship
- Advance Diploma of Applied Engineering (Electrical Systems)
- Diploma of Project Management
- Professional Diploma in Accounting
- Graduate Certificate in Internal Auditing
- Certificate IV in Electrical Technology
- Certificate IV in Automotive Engineering (Heavy Plant)

Short-Term Training:
Some short term trainings that were undertaken in 2023:

- Introduction to English Grammar
- Excel (Basic, Intermediate and Advance)
- Network Management, Monitoring & Security
- Grid connected PV Systems and Install
- Grid connected Battery Systems Design and Install
- Grid connected PV – Design and Installation
- Finance for non-finance managers
- Operation and Maintenance of Renewable Energy
- Electric Power Trainee Line Mechanic Training
- Automotive Air Conditioning & HAVC Systems Skill Set for Automotive Technicians
- Automotive Electrical Skill set for Light Vehicle Technicians
- Cleaning Knowledge, Skills and Event Service

Internally Managed Training Programs:
The following Training Programs were undertaken in 2023:

- **Line Mechanic Program:** The Line Mechanic Program was successfully completed at the end of December 2023. All the remaining five trainees' recruitment under this program were retained for absorption to permanent position within the Distribution and Transmission Department.
- **Apprentice Program:** The Apprenticeship Program was successfully completed at the end of December 2023. Six Apprentices were retained for absorption to permanent positions. Unfortunately, one was let go at the expiry of the program due to none fulfilment of the requirements of the program.
- **Student Attachments:** A total of eleven students from USP, FNU and SINU undertake their work attachments with Solomon Power in year 2023.

Salome Tahisihaka training during Pacific Games, SINIS Expo.

Seminars Overseas:
Some overseas seminars attended by staff in 2023 were:

- Resilience Assessment Tools for Power Utilities
- Fiji Human Resources Institute Convention
- 3rd Regional Training for the introduction of Hybrid Power Generation Systems for additional countries and Operation & Maintenance of Diesel Power Generation System

Health, Safety, Security and Environment (HSSE)

Unlike in year 2022 with zero (0) injuries, in 2023 two (2) injuries were recorded against our staff. An electrical shock incident occurred in May and had the officer out of work for 24 days. An incised wound through operation occurred in August and had the officer out of work for 4 days. For these two injuries, a total of 28 days of Lost Work Days (LWDs) were recorded in 2023.

In 2023, the HSSE undertakes investigations of eleven (11) incidents that were reported, as summarised below:

- SP Vehicle incident at Jackson Ridge
- Electrical shock to a Line mechanic
- SP forklift incident with a public bus
- SP crane truck incident with Toyota Hilux belonging to the Ministry of Mines, Energy and Rural Electrification.
- Incident involving an officer with incised wound
- Incident involving an electric shock to a casual worker doing vegetation
- Incident involving damages done to SP Solar Farm
- Incident involving SP vehicle with a pedestrian
- Incident involving an electrocution at Laundry Valley
- Incident involving vehicle damage to pole at KGV Round-About
- Incident involving vehicle damage to pole at Maromaro

Some Highlights for year 2023

- Attended an inception workshop conducted by the Climate Change Department of the Ministry of Environment Climate Change Disaster Management to monitor and capture Green House Gas (GHG) data for national statistics.
- Continued coordinating the weekly sports activities.
- To commemorate World Cancer Day, the HSSE department arrange for the Oncology department from the National Referral Hospital to undertake awareness session with all staff at Ranadi Head Office.
- An Emergency Drill was organised for Generation Team at Lungga.
- Support the governments Safe Green Games Clean-up activities.
- HSSE Team conducted Electricity Safety Awareness with communities in Tina in line with HV/LV extension to the Tina Communities.
- HSSE team was part of the workshop to develop the SP Business Continuity Plan.
- To commemorate World Health and Safety Day, HSSE organised health screening checks for female employees at Solomon Islands Planned Parenthood Association (SIPA). Also diagnostic hearing test was completed for Operators for early detection of personal and operational illness.
- Normal HSSE inspections, observations and toolbox meetings conducted with Technical departments and Outstations that were visited.
- The 50th anniversary of the World Environment day was commemorated with clean-up activities around Ranadi area with two sister organisations, Our Telekom and Solomon Tobacco.
- HSSE officer was part of the Technical Working Group for the 2023 Pacific Games Disaster Response Plan, which was coordinated by the National Disaster Management Office (NDMO) with other key organisations.
- HSSE coordinated an evacuation exercise for the Ranadi Office staff, contractors, visitors and customers. This was part of on-going exercises to ensure familiarisation of the evacuation procedures.
- HSSE undertake public Electrical Safety Awareness during the Guadalcanal 2nd Appointed Day and the Isabel Youth Grereo Festival.
- HSSE coordinated with Honiara City Counsel Health Team for administration of scabies drugs to all Ranadi Staff.
- Continued to undertake Safety Induction for Project contractors.
- Coordinate with Ear and Hearing Clinic to complete hearing diagnostic test for Outstation Generation staff.
- Pinktober month was commemorated with awareness organised for the NRH Oncology Department for female staff.
- Organise with the NRH Oncology Department for prostate cancer testing for male staff.
- HSSE conducted Hold-Up and Armed Robbery for Cashiers.
- HSSE coordinated with Distribution and Generation team the Repair and Maintenance Operational Plan for the 2023 Pacific Games from the Main Operation Centre (MOC) at the AJ Mall. The team was responsible for ensuring the undisrupted supply of electricity to the Games venues and facilities. This was for a period of two weeks of the Pacific Games (19th November – 2nd December 2023).

Solomon Power Injury Records Table

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cum.
Lost Time Injuries (LTI's)	0	0	0	0	1	0	0	1	0	0	0	0	2
Lost Work Days (LWD's)	0	0	0	0	24	0	0	4	0	0	0	0	28
LTI Frequency Rate (LTIFR)	0	0	0	0	64.41	0	0	15.25	0	0	0	0	24.73
Injury Severity Rate (SR)	0	0	0	0	2.68	0	0	3.81	0	0	0	0	0.62
Hours Worked	39,164.55	50,151.90	50,655.98	48,022.63	74,522.43	46,119.05	51,251.70	52,451.00	52,448.30	51,748.05	78,864.25	48,833.45	644,233.29

Injury Benchmarking from 2021 to 2023
SP Standard (reasonable adaptation)

Australian Standard (AS 1885)

Lost Time Injury = Number of occurrences in the period

Frequency Rate (LTIFR) = Number of Lost Time Injuries in the period X 200,000
Number of hours worked in the period

Injury Severity Rate (SR) = Number of lost work days in the period X 200,000
Number of hours worked in the period

Table 1: Shows continuous comparison between Lost Time Injury (LTI's) cases and their respective Injury Severity Rates (SR) from January 2023.

Note: In May 2023 an electric shock incident resulted in 24 Lost days. In August an incised wound incident resulted in 4 lost days.

Lands, Building & Fleet

Land

Solomon Power completed the registration of three lands earmarked for Solar Hybrid Projects. Land titles had been registered under Solomon Power.

Building Projects

- **2020 Office Building Projects:** The last of the Office Building Projects which is the Lata Office had been completed. The official opening had been continually being deferred. But soft launching was done on 17th August 2023 so that officers can start using the office. The anticipated official opening has been planned for early 2024.
- **2022 Housing Redevelopment Projects**: A total of 19 Projects were implemented in 2022 and continued into 2023. All of them had been successfully completed in 2023.
- **2023 Housing Redevelopment Projects:** The new Auki Office site civil works and Auki Power House drainage commenced in December 2023 and shall continue into year 2024. Expected to be completed in year 2024.

Fleet

Total number of vehicles as of December 2023 was 83. This was down from 89 in December 2022. A total of eleven (11) vehicles were internally tendered out in 2023.

Internal Audit

The internal audit had conducted Fraud Prevention & Detection training and awareness. This training and awareness was focused on understanding fraud; which includes the types of fraud and prevention, fraud triangle, the profile of fraudsters, fraud indicators and red flags and the established processes to report fraud. The Metering Team and all the Outstations had been completed in 2023. This training shall continue for other departments in 2024.

The TeamMate Audit Management System was upgraded to the latest Version: TeamMate AM April 2023 version. The Internal Auditors had been trained on this update. The update has enhanced the system reporting, monitoring of recommendations, filters and improve dashboards.

LEGAL DIVISION

Legal Division provides legal services to Solomon Power's various departments and divisions. Where appropriate, external counsel and law firms are retained to provide additional legal support.

Due to the nature of its business and operations, Solomon Power is exposed to legal risks from claims and legal proceedings on a variety of areas including contracts, land, public safety, and employment relations.

The core responsibility of the Legal Division is to mitigate Solomon Power's exposure to legal risks through effective risk mitigation measures. Activities carried out by the Legal Division as part of these risk mitigation measures include reviewing contracts and other legal documents, monitoring compliance, resolving disputes, representing Solomon Power in legal proceedings, and the provision of legal advice generally.

- In 2023, Legal Division assisted Customer Services Division by commencing debt recovery action to recover outstanding arrears from customers. $880,163 was fully recovered in 2023.
- Solomon Power has policies in place to ensure ethical conduct by its employees. Legal Division is responsible for enforcing employee compliance of Solomon Power's policies. In 2023, Legal Division carried out various activities to strengthen compliance and enhance employee conduct.
- It is an offence under the Electricity Act to wilfully or negligently damage Solomon Power' s network assets. Solomon Power's network assets, specifically its overhead lines and underground cables, are particularly prone to damage due to their location near road traffic and road works. In 2023, there was a noticeable increase in the number of incidents. Legal Division have reviewed these incidents with a view of pursuing recovery of repair costs through legal action as well as prosecution of these offences.
- The Electricity Act permits Solomon Power to reduce the quantity of electricity supplied to any consumer if, by reason of any unforeseen circumstances beyond its control, the supply of electricity generated is insufficient to enable the full quantity to be conveniently supplied. Where there is a reduction in the supply of electricity, the Act provides that Solomon Power shall not be liable for any loss or damage caused by such reduction.

From July to October 2023, there was extensive load-shedding experienced in several parts of Honiara. Legal Division continues to enforce the protective provisions of the Electricity Act in response to claims related to the load-shedding.

- The Electricity (Amendment) Act 2023 was passed in Parliament in November 2023. A key amendment is to section 21 of the Electricity Act, which empowers the Director of Energy, of the Ministry of Mines, Energy and Rural Electrification, to set the electricity tariff after consulting with relevant stakeholders. Penalties for offences under the Act has also been increased. Legal Division, including other executive management of Solomon Power, was involved during the consultation stage of the bill as well as during public inquiry into the bill before the Bills and Legislation Committee.

CORPORATE GOVERNANCE PRACTICES

Role of the Board

As required by Section 6 (4) of the State-Owned Enterprises Act (SOE) 2007, the Board is responsible for charting the Company's strategic direction, for the setting of objectives, policy guidelines, goals management, and for monitoring the achievement of these matters.

The Board is also responsible for reviewing the Business Plan, Corporate Plan and Statement of Corporate Objectives, and approves the Operating and Capital Budgets each year. The Board also reviews matters of a major or unusual nature, which are not in the ordinary course of business.

Composition of the Board as at 31st December 2023

The Board Directors, appointed under the State-Owned Enterprises Regulation 2010, (Part 2, Prescribed Process of Appointment of Directors) are as follows:

Name	Position	Appointment	Term	Status
Mr David K.C. Quan, O.B.E.	Chairman	20 February 2021	3 years	Current
Ms Muriel Ha'apue-Dakamae	Director	17 December 2018	3 years	Extend
Mr James Apaniai	Director	17 December 2018	3 years	Extend
Ms Lilly Lomulo	Director	22 June 2022	3 years	Current
Mr James Habu	Director	22 June 2022	3 years	Current

Directors' Duties

The role and duties of the Directors are defined in regulations 17 to 27 of the State-Owned Enterprise Regulations, 2010. A key responsibility of the Directors is to achieve the principal objective of the Authority as stated in Section 5 of the SOE Act. The principal objective of every State-Owned Enterprise shall be to operate as a successful business and, to this end, to be:

a). As profitable and efficient as comparable businesses that are not owned by the Crown or established as statutory bodies by an Act of Parliament;

b). A good employer; and,

c). An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

Statutory Duties of the Board

In addition to the above duties, the Board of Directors of Solomon Power (SP) collectively and individually have agreed on the fulfilment of the following duties towards the company:

- When exercising powers or performing duties, Directors must act in good faith and in what the Director believes to the best interests of the State-Owned Enterprise.
- A Director of a State-Owned Enterprise, when exercising a power as Director, must exercise that power for a proper purpose.
- A Director of a State-Owned Enterprise must not:
  - a). Agree to the business of the State-Owned Enterprise being carried out on or in a manner likely to create a substantial risk of serious loss to the State-Owned Enterprises creditors or, and
  - b). Cause or allow the business of a State-Owned Enterprise to be carried out on or in a manner likely to create substantial risk of loss to the State-Owned Enterprise creditors.
- A Director must not agree to the State-Owned Enterprise incurring an obligation unless the Director believes at the time, on reasonable grounds, that the State-Owned Enterprise will be able to perform the obligation when it is required to do so.
- A Director of a State-Owned Enterprise, when exercising powers or performing duties, must exercise the care, diligence, and skills that a reasonable Director would exercise in the same circumstances.
- Another controlling measure imposed on Directors is the requirement to enter any conflict of interest in an interest's register.

Fiduciary Duties of Directors

The Directors of Solomon Power also owe the following duties to the company. These fiduciary duties form the code of ethics of Solomon Power. A fiduciary relation imposes an obligation of utmost good faith on Directors by putting the interests of the Company first, and the Solomon Power Directors have pledged to uphold this principle at all times. The fiduciary duties of the Directors include the following:

- To act in good faith in the best interest of the Company.
- To exercise powers for a proper purpose.
- To retain discretion.
- To avoid conflicts of interest.

Board Meetings

The Board held 13 meetings during the financial year, which ended 31st December 2023. Of these, five (5) were scheduled meetings and the rest extra-ordinary meetings. The regular business of the Board covers corporate governance, financial performances and risk management, business investment and strategic matters.

Board Committees

There are three Board Sub-committees, Audit Finance Governance and Risk, Technical, and Human Resources, that are responsible for deliberating detailed issues and making suitable recommendations to the Board. The Sub-committees meet as and when required.

Board Secretary

Mrs Natalie Kairi

Audit, Finance, Governance & Risk Sub-committee

Membership:
January – December

1. Muriel Ha'apue-Dakame - Chairlady
2. David K.C. Quan, O.B.E. - Member
3. James Apaniai - Member
4. Lilly Lomulo - Member
5. James Habu - Member

Number of meetings: **2**

HR Sub-Committee

Membership:
January – December

1. Lilly Lomulo - Chairlady
2. David K.C. Quan, O.B.E. - Member
3. Muriel Ha'apue-Dakame - Member
4. James Apaniai - Member
5. James Habu - Member

Number of meetings: **2**

Technical Sub-Committee

Membership:
January – December

1. James Habu - Chairman
2. David K.C. Quan, O.B.E. - Member
3. Muriel Ha'apue-Dakame - Member
4. James Apaniai - Member
5. Lilly Lomulo - Member

Number of meetings: **2**

front row (left-right)
Mrs Natalie Kairi, David K.C. Quan, O.B.E., Lilly Lomulo

back row (left-right)
Muriel Ha'apue-Dakame, James Habu, James Apaniai

VISION
Energising Our Nation

MISSION
To provide a safe, reliable, affordable and accessible supply of electricity to the Solomon Islands

VALUES
Respect for our customers and our people.

Improvement through Change and Innovation.

Meeting our Service Quality Commitments.

Care for the Environment.

Individual Responsibilities for our Action

Honesty and Trust

Teamwork

Contents
Financial Statements

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Solomon Islands Electricity Authority ("SIEA" or "the Authority"), trading as Solomon Power, as at 31st December 2023 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors
The Directors who were in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue were as follows:

Name
David K.C. Quan, O.B.E. - Chairman
James Apaniai
James Habu
Lilly Lomulo
Muriel Ha'apue-Dakamae

State of Affairs
In complying with the Electricity Act (Cap 128) and the State Owned Enterprises Act of 2007, the Directors hereby submit the financial statements of SIEA consisting of the statement of financial position as at 31st December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows of SIEA for the year then ended.

Principal Activity
The principal activity of SIEA during the year was the generation, distribution and sale of electricity in the Solomon Islands as governed by the Electricity Act (Cap 128).

Results
The total comprehensive income for the year was $254,386,911 (2022: $75,699,634).

Dividends
The Directors have declared and paid a dividend of $ 4,000,000 for the financial year ended 2023 (2022: $4,000,000).

Going Concern
The Directors believe that the Authority will be able to continue to operate for at least 12 months from the date of this report.

Assets
The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that the assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

Transfer from Asset Revaluation Reserves to Retained Earnings
The Directors resolved to transfer $288,213 (2022: $633,901) from asset revaluation reserves to retained earnings as a result of the de- recognition of assets during the financial year.

Bad and Doubtful Debts
The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts.

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

Directors' Benefits
No director of the Authority has, since the last financial year, received or become entitled to receive any benefit (other than benefits included in the amount of consultancy fees and directors fees and expenses or shown in the financial statements under related party note) by reason of a contract made with the Authority or a related corporation with the director or with a firm of which he/she is a member or with a company in which a director has a substantial financial interest.

Events Subsequent to Balance Date
SIEA ("offtaker") initially entered into a Power Purchase Agreement ("PPA") with Tina Hydropower Limited ("THL or Project company"). THL engaged Hyundai Engineering Co. Ltd ("HEC or Contractor"), to execute and complete the necessary works for the development and construction of the Plant under an Engineering Procurement and Construction contract ("EPC"). Due to delays in project, the Contractor has raised additional claim against the project company who in turn has raised these claims against SIEA. The project company's claim against SIEA involved three components: prolongation claim (US$8 million) for delays due to Covid 19, additional operational claims (US$15 million) and increase the price escalation cap from US$9.7million to (US$47 million) to reflect the increase in the material price indices. The net claim was US$50 million after considering reduction in equity return accepted by project company. Subsequently on 5th March 2024, the project company and contractor agreed and signed a settlement EPC contract and SIEA and project company also agreed and signed a settlement PPA. Settlement PPA will result in additional cost of completing Tina Hydropower project affecting the tariff project cost of sourcing electricity upon completion of the project.

Other Circumstances
At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Dated at Honiara this 28th day of March 2024.

Signed in accordance with a resolution of the Directors.

Director

Director

Solomon Islands Government

Solomon Islands Office of the Auditor-General

Independent Auditor's Report
to the **Members** of **Solomon Islands Electricity Authority**
Trading as **Solomon Power**

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Solomon Islands Electricity Authority (the Authority) which comprise the Statement of Financial Position as at 31st December 2023, and the Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 29.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit,

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

i. proper books of account have been kept by the Authority, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books;

ii. to the best of my knowledge and according to the information and explanations given to us, the financial statements give the information required by the Electricity Act (Cap. 128) State Owned Enterprises Act 2007 and Public Finance and Audit Act (Cap. 120) in the manner so required; and

iii. the Authority complied with the requirements of the State-Owned Enterprises Act, 2007, which requires the audited financial statements submitted to the Minister within three months of the financial year end to which the financial statements relate.

David Dennis
Auditor-General
28th March 2024

Statement of
Financial Position

For the year ended 31st December 2023

	Notes	2023	2022
Assets		$	$
Current Assets			
Cash and cash equivalents	14	228,364,335	287,423,413
Inventories	15	73,026,530	75,549,461
Receivables	16	71,505,752	58,888,647
Prepayments		26,935,036	19,477,750
Total current assets		**399,831,653**	**441,339,271**
Non-current assets			
Property, plant and equipment	13	1,480,711,812	1,210,510,152
Right-of-use assets	23	5,957,897	8,355,349
Government bonds	17	113,571,429	95,714,286
Total non-current assets		**1,600,241,138**	**1,314,579,787**
Total assets		**2,000,072,791**	**1,755,919,058**
Liabilities			
Current liabilities			
Deferred income	19	8,831,579	8,370,221
Trade and other payables	20	62,882,049	68,876,373
Lease liabilities	23	1,637,267	2,626,413
Borrowings from SIG	21	2,802,313	2,802,313
Employee benefits	22	4,443,427	4,007,121
Total current Liabilities		**80,596,635**	**86,682,441**
Non-current liabilities			
Deferred income	19	132,771,757	130,354,593
Lease liabilities	23	903,788	2,252,858
Borrowings from SIG	21	12,603,137	15,404,982
Employee benefits	22	18,052,496	16,466,117
Total non-current liabilities		**164,331,178**	**164,478,550**
Total Liabilities		**244,927,813**	**251,160,991**
Equity			
Contributed capital	18	246,933,170	246,933,170
Asset revaluation reserve		648,523,548	444,793,114
Accumulated profit		859,688,260	813,031,783
Total equity		**1,755,144,978**	**1,504,758,067**
Total equity and liabilities		**2,000,072,791**	**1,755,919,058**

Signed for and on behalf of the Board of Directors

Director   Director

The notes disclosed on pages 37 to 61 are an integral part of the financial statements.

Statement of
Profit or Loss and **Other Comprehensive Income**
For the year ended 31st December 2023

	Notes	2023	2022
		$	$
Operating income			
Electricity sales	6 (a)	563,165,476	562,746,992
Amortisation of deferred income	19	8,831,579	8,370,221
Other operating income	8	17,939,628	13,375,128
Reversal of credit impairment	16	23,926	-
Total operating income		**589,960,609**	**584,492,341**
Expenses			
Generation and distribution	9	319,793,819	315,229,837
Administrative	10	74,720,917	68,924,855
Operating	11	30,617,759	28,761,937
Depreciation and amortisation	13	109,858,133	85,050,084
Depreciation of right-of-use assets	23	2,854,812	3,318,636
Interest expense		1,377,631	1,576,846
Inventory and asset write-off		612,433	1,083,393
Credit impairment charge	16	-	1,855,005
Impairment decrement - property, plant & equipment	13	-	228,193
Total expenses		**539,835,504**	**506,028,786**
Profit from operations		**50,125,105**	**78,463,555**
Foreign exchange gain/(loss)		243,159	(2,763,921)
Net profit for the year		**50,368,264**	**75,699,634**
Other comprehensive income			
Revaluation increment - property, plant & equipment	13	204,018,647	-
Total comprehensive income for the year		**254,386,911**	**75,699,634**

The notes disclosed on pages 37 to 61 are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31st December 2023

	Notes	Contributed Capital	Asset Revaluation Reserves	Accumulated Retained Earnings	Total
		$	$	$	$
Balance at 1st January 2022		**246,933,170**	**445,427,015**	**740,698,248**	**1,433,058,433**
Total comprehensive income for the year					
Net profit for the year		-	-	75,699,634	75,699,634
Disposal of revalued property, plant and equipment		-	(633,901)	633,901	-
Transactions with owners of SIEA directly recognised in equity					
Dividend paid during the year		-	-	(4,000,000)	(4,000,000)
Balance at 31st December 2022		**246,933,170**	**444,793,114**	**813,031,783**	**1,504,758,067**
Total comprehensive income for the year					
Net profit for the year		-	-	50,368,264	50,368,264
Revaluation of land and buildings	13	-	204,018,647	-	204,018,647
Disposal of revalued property, plant and equipment		-	(288,213)	288,213	-
Transactions with owners of SIEA directly recognised in equity					
Dividend paid during the year		-	-	(4,000,000)	(4,000,000)
Balance at 31st December 2023		**246,933,170**	**648,523,548**	**859,688,260**	**1,755,144,978**

The notes disclosed on pages 37 to 61 are an integral part of the financial statements.

Statement of
Cash Flows

For the year ended 31st December 2023

	Notes	2023	2022
		$	$
Operating activities			
Cash receipts from customers		571,272,206	573,786,482
Cash payments to suppliers and employees		(434,407,763)	(400,288,529)
Interest income	8	6,360,989	6,024,543
Interest expense		(1,377,631)	(1,576,846)
Net cash provided by Operating Activities		**141,847,801**	**177,945,650**
Investing Activities			
Acquisition of Government bonds		(35,000,000)	(30,000,000)
Receipt on Government bonds		17,142,857	4,285,714
Proceeds from sale of property, plant and equipment		190,639	-
Acquisition of property, plant and equipment	13	(176,367,227)	(161,867,819)
Net cash used in Investing Activities		**(194,033,731)**	**(187,582,105)**
Financing Activities			
Dividend paid		(4,000,000)	(4,000,000)
Repayment of SIG Borrowings	21	(2,801,845)	(2,810,054)
Cash receipts from donor grants		2,724,273	2,071,036
Payment for lease liability	23	(2,795,576)	(3,363,026)
Net cash used in Financing Activities		**(6,873,148)**	**(8,102,044)**
Net decrease in cash and cash equivalents		(59,059,078)	(17,738,499)
Cash and cash equivalents at 1st January		287,423,413	305,161,913
Cash and cash equivalents at 31st December	14	**228,364,335**	**287,423,413**

The notes disclosed on pages 37 to 61 are an integral part of the financial statements.

Notes to the **Financial Statement**

For the year ended 31st December 2023

1. Reporting Entity

Solomon Islands Electricity Authority (SIEA or Authority) is a state owned enterprise established under the Electricity Act (Cap 128) 1969. SIEA's registered office and principal place of business is at the Ranadi Complex, Solomon Islands. There are no subsidiary companies.

2. Nature of Operations

The principal activity of SIEA is the generation, distribution and sale of electricity in the Solomon Islands. SIEA is the owner and operator of the Solomon Island Government's owned electricity supply systems.

3. Basis of Preparation

The financial statements have been presented in accordance with the State-Owned Enterprise Act 2007, and in accordance with accepted reporting principles. The financial statements comply with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

The financial statements are presented in Solomon Islands Dollars ("SBD"), which is SIEA's functional and presentation currency. All financial information is presented in Solomon Islands Dollars and has been rounded to the nearest dollar, except when otherwise indicated.

4. Measurement Basis

The measurement basis adopted in the preparation of these financial statements is historical cost unless stated otherwise..

5. Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 6 (a) – Revenue
- Note 6 (c) – Impairment of non-derivative financial assets
- Note 6 (e) (iii) – Revaluation of property, plant and equipment
- Note 6 (e) (iv) – Impairment of non-financial assets
- Note 6 (f) – Employee benefits
- Note 6 (l) – Leases

6. Summary of Material Accounting Policies

a). Revenue

Under IFRS 15, revenue is recognised by the Authority when or as it satisfies a performance obligation by transferring a service to a customer, either at a point in time (when) or over time (as). For the generation, distribution and sales of electricity, the customer simultaneously receives and consumes the benefits provided as the Authority renders the service. This has resulted in revenue from sale of electricity being recognised over time. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. SIEA recognises revenue when it transfers control over a product or service to a customer.

Nature and timing of satisfaction of performance obligations and significant payment terms

There is an implied contract between a customer and the Authority for the purchase, delivery, and sale of electricity. This represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The customer obtains control of the good (electricity) when delivered and consumed by them over time.

Invoices are issued monthly and are usually payable within 30 days thus there is no significant financing component.

Contract with customers permit quantities of electricity consumed to be estimated based on previous months' average consumption in the event the Authority could not conduct the monthly meter readings.

Revenue including upfront fees is recognised net of GST and discount over time and the progress is determined based on kilowatts (units) consumed. This provides a faithful depiction of the transfer of the good as the customer simultaneously receives and consumes the benefits provided by the Authority's performance of the electricity revenue contract.The transaction price is determined based on approved tariffs at the time the service had been rendered and units of kilowatts consumed by the customers. The transaction price includes the non-refundable upfront fees as it is not considered to be a significant material right. The transaction price is considered to be variable due to the following:

- Tiered-pricing for domestic, commercial and industrial customers; and
- Estimate of unbilled electricity supplied to 'domestic' customers

The variable consideration is included in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. For Solomon Power however the considerations are constrained because it is calculated based on actual units consumed during the period, thus consideration for the period is known.

	2023	2022
	$	$
Revenue from contracts with customers		
Kilowatt sales	398,891,795	407,001,027
Cash Power sales	163,433,299	154,780,143
Sales works	840,382	965,822
	563,165,476	**562,746,992**
Other revenue		
Amortisation of deferred income	8,831,579	8,370,221
Interest received	6,360,989	6,024,543
Income from asset relocation	5,050,000	2,812,303
Stale cheques	255,614	-
Other income	6,273,025	4,538,282
Revaluation increment	-	-
Reversal of credit impairment	23,926	-
Total revenue	**589,960,609**	**584,492,341**

b). Financial Instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial Assets
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income
(FVOCI) - debt investment;
(FVOCI) - equity investment; or
(FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Authority may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets: Business Model Assessment

The Authority makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Authority's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and,
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Authority's recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets: Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

IIn assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Authority considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and,
- terms that limit the Authority's claim to cash flows from specified assets (e.g. nonrecourse features.

A prepayment feature is consistent with solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets: Subsequent Measurement and Gains and Losses.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de- recognition, gains and losses accumulated in OCI are reclassified to profit or loss. These include short-term investments (term deposits).
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Authority's equity investments (if any) would relate to investments in listed securities.

Financial Liabilities: Classification, Subsequent Measurement and Gains and Losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition
Financial Assets
SIEA derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SIEA neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SIEA enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities
SIEA derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SIEA also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SIEA currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c). Impairment of Non-Derivative Financial Assets
Financial instruments:
SIEA recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.
SIEA measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include significant financing component.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward-looking information.

SIEA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

SIEA considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to SIEA in full, without recourse by the Authority to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

SIEA considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Authority considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & Poor's.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which SIEA is exposed to credit risk.

Measurement of ECLs:
ECLs are a probability-weighted estimate of credit losses. They are measured as follows:
the present value of all cash shortfalls (i.e. the difference between the cash flows owed to the Authority in accordance with the contract and the cash flows that SIEA expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets:
At each reporting date, the Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Ttatement of Financial Position:
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-Off:
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SIEA determines that the debtor does not have assets or sources of income or adequate customer deposits that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Authority's procedures for recovery of amounts due.

d). Inventories
Inventory is recorded at the lower of cost and net realisable value after due consideration for excess and obsolete items. The cost of inventories is based on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

e). Property, Plant and Equipment
Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. Cost is determined by including all costs directly associated with bringing the assets to their location and condition for their intended use. The recognition threshold is $5,000.

Purchased items including software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have materially different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/ other expenses in statement of comprehensive income. When revalued assets are sold, any related amount included in the asset revaluation reserve is transferred to retained earnings.

Certain easements may have been donated by the Crown. These are recognised at cost ($nil) plus any direct cost associated with putting the easement in place.

i. Subsequent Expenditure
The cost of replacing part of

an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to SIEA and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

ii. Depreciation

Depreciation is based on either the cost or revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation of property, plant and equipment is calculated using the straight line method to write down the cost or revalued amount of property, plant and equipment to its estimated residual value over its estimated useful life.
The standard estimated useful lives and depreciation rates for SIEA asset classes are as follows:

- Land - Freehold - unlimited
- Land - Leasehold - amortised over the term of the lease
- Buildings - Operational including power stations - 20 to 30 years
- Buildings - Non-operational - 15 to 50 years
- Generators - 10 to 40 years
- Plant & equipment - 10 to 25 years
- Distribution network - 20 to 60 years
- Furniture & equipment - 5 years
- Furniture & equipment - Information technology - 3 to 5 years
- Motor vehicles - 5 years
- Tools - 3 to 5 years

The useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Revaluation of Property, Plant and Equipment

Land, buildings, generators and plants are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation of assets. The fair values are recognised in the financial statements of SIEA, and are reviewed at the end of each reporting period to ensure that the carrying value of assets is not materially different to their fair values.

The primary valuation methodologies used in valuing land and buildings are the direct comparison and income capitalisation approaches cross checked with cost approach. These methodologies use market derived assumptions, including rents, capitalisation and terminal rates, and discount rates obtained from analysed transactions. The adopted methodologies are considered to provide the best estimate of value.

The Directors propose to have such asset revaluations every three or five years. Electricity infrastructure assets are valued on an optimised depreciated replacement cost (ODRC) approach. The ODRC valuation of electricity assets is generally considered to represent the minimum cost of replacing or replicating the service potential embodied in the network with modern equivalent assets in the most efficient way possible from an engineering perspective, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Any revaluation increase arising on the revaluation of assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of assets is charged as an expense in statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, is transferred directly to retained earnings.

iv. Impairment of Non-Financial Assets

At each reporting date, SIEA reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Authority estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years.
A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase through OCI.

v. Intangible Assets

The cost of acquiring an intangible asset is amortised from the date the underlying asset is held ready for use on a straight line basis over the period of its expected benefit, which is as follows:

Software - 3 to 7 years
Easements - indefinite

Easements are deemed to have an indefinite useful life, as the contracts do not have a maturity date and SIEA expects to use the easements indefinitely. Therefore, easements are not amortised. Their value is assessed annually for impairment, and their carrying value is written down if found impaired. SIEA capitalises the direct costs associated with putting the easements in place. These costs include registration and associated legal costs and also any injurious affection payments. Where SIEA buys land and then establishes an easement, a valuation is obtained for the easement. This valuation is used as deemed easement cost and capitalised, with a corresponding reduction in the land valuation.
For intangibles with a finite life, where the periods of expected benefit or recoverable values have diminished due to technological change or market conditions, amortisation is accelerated or the carrying value is written down.

vi. Capital Work in Progress

Capital work in progress is recorded at cost. Cost is determined by including all costs directly associated with bringing the assets to their location and condition. Finance costs incurred during the period of time that is required to complete and prepare the asset for its intended use are capitalised as part of the total cost for capital work in progress. The finance costs capitalised are based on the Authority's weighted average cost of borrowing. Assets are transferred from capital work in progress to property, plant and equipment as they become operational and available for its intended use.

f). Employee Benefits

Provision is made for benefits accruing to employees when it is probable that settlement will be required and they are capable of being measured reliably.

Short-Term Benefits

Short-term benefits comprises of accrued salaries and wages, bonus, annual leave, and entitlement to Solomon Islands National Provident Fund are expenses as the related service is provided.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the rate expected to apply at the time of settlement.

Long-Term Benefits

A early retirement scheme is a long-term benefit provided by SIEA to its employees.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated cash flows to be made by SIEA in respect of future benefits that employees have earned in return for their services in the current and prior periods.

For each future year the amounts of entitlements expected to be paid on termination of employment have been determined by making a projection of each employee based on their current salary, age and service, as well as assumed rates of death, disablement, retirement, resignation and rates of inflation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed discount rate to determine the total liability.

g). Taxation

Under the Electricity Act, SIEA is exempt from income tax.

h). Foreign Currency Transactions

Transactions denominated in a foreign currency that are not hedged are converted at the prevalent exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates prevailing at balance sheet date.

Exchange differences arising on the translation or settlement of accounts payable and receivable in foreign currencies are recognised in the statement of comprehensive income.

i). Cash Flow Statement

For the purposes of the cash flow statement, cash is considered to be cash held in bank accounts (net of bank overdrafts) plus highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value. Cash flows from certain items are disclosed net, due to the short-term maturities and volume of transactions involved.

j). Grants

An unconditional grant related to an asset is recognised in profit or loss as other income when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and SIEA will comply with the conditions associated with the grant and are then recognised in statement of comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate SIEA for expenses incurred are recognised in profit or loss as other operating income in the same periods in which the expenses are recognised.

k). Provisions

SIEA recognises provisions when there is a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation at reporting date. Where a provision is measuring the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

l). Leases

At inception of contract, SIEA assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, SIEA assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- SIEA has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and;
- SIEA has the right to direct the use of the asset. SIEA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, SIEA has the right to direct the use of the asset if either:
    - SIEA has the right to operate the asset: or
    - SIEA designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, SIEA allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, SIEA has elected not to separate non-lease components and account for the leases and non-lease components as a single lease.

As a Lessee

SIEA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, SIEA's incremental borrowing rate. Generally, SIEA uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the

commencement date;

- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that SIEA is reasonably certain to exercise, lease payments in an optional renewal period if SIEA is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless SIEA is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in SIEA's estimate of the amount expected to be payable under a residual value guarantee, or if SIEA changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-Term Leases and Leases of Low-Value Assets
SIEA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, temporary staff residences and leases of low-value assets, including IT equipment. SIEA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When SIEA acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, SIEA makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, SIEA considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When SIEA is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which SIEA applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, SIEA applies IFRS 15 to allocate the consideration in the contract.

7. Financial Risk Management

Overview
SIEA has exposure to the following risks from its use of financial instruments:
i). Credit risk
ii). Liquidity risk
iii). Market risk
iv). Interest rate risk

This note presents information about SIEA's exposure to each of the above risks and SIEA's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework
The Board of Directors has overall responsibility for the establishment and oversight of SIEA's risk management framework. SIEA's risk management policies are established to identify and analyse the risks faced by SIEA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SIEA's activities. SIEA, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

SIEA's Board oversees how management monitors compliance with SIEA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by SIEA. The Board is assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and processes, the result of which is reported to the Board.

The above risks are limited by SIEA's financial management policies and procedures as described below:

i). Credit Risk
Credit risk is the risk of financial loss to SIEA if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises

principally from SIEA's receivables from customers, investment in debt securities, and cash and call deposits.

SIEA's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of SIEA's customer base, including the default risk of the industry as these factors may have an influence on credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

Expected Credit Loss Assessment Trade Receivables
SIEA uses a provision matrix to determine the lifetime expected credit losses. It is based on the SIEA's historical observed default rates, and is adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year. At each reporting date, the Authority updates the observed default history and forward-looking estimates.

SIEA uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following tables provide information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers categorised into kilowatt debtors and cash power debtors as at:

Kilowatt Debtors

	Weighted average loss rates	Gross carrying amount	Loss allowance	Credit Impaired
2023	%	$	$	
Current - 30 days past due	15.3%	26,813,341	4,092,250	No
30 - 59 days past due	26.5%	16,046,505	4,259,002	No
60 - 89 days past due	47.4%	4,419,980	2,095,697	No
90 or more days in past due	73.7%	12,731,695	9,386,440	Yes
		60,011,521	**19,833,388**	
2022				
Current - 30 days past due	12.5%	18,436,644	2,309,219	No
30 - 59 days past due	24.9%	12,900,881	3,216,344	No
60 - 89 days past due	48.8%	3,641,429	1,777,089	No
90 or more days in past due	89.1%	15,928,996	14,193,384	Yes
		50,907,949	**21,496,035**	

Cash Power Debtors

	Weighted average loss rates	Gross carrying amount	Loss allowance	Credit Impaired
2023	%	$	$	
Current - 30 days past due	9.7%	122,804	11,912	No
30 - 59 days past due	11.8%	140,081	16,543	No
60 - 89 days past due	12.4%	4,352	538	No
90 or more days in past due	57.8%	5,366,723	3,101,718	Yes
		5,633,960	**3,130,711**	
2022				
Current - 30 days past due	9.7%	53,695	5,209	No
30 - 59 days past due	11.6%	240,587	27,898	No
60 - 89 days past due	12.4%	18,611	2,300	No
90 or more days in past due	32.8%	6,298,057	2,065,034	Yes
		6,610,950	**2,100,441**	

Continued

7. Financial Risk Management

Loss rates are based on actual credit loss experienced over the past three years.

The movement in the allowance for impairment in respect of trade receivables and other receivables during the year is disclosed in note 16.

Impairment on other receivables from Solomon Islands Government and state-owned entities has been measured on the 12 month expected loss basis, and the resulted impairment losses is not considered material by management on reporting date.

Cash and Cash Equivalents
SIEA held cash and cash equivalents of $228,364,335 at 31st December 2023 (2022: $287,423,413). The cash is held with different banks, whose ratings ranged from Aa3 to Caa1 based on Moody's credit ratings. SIEA uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.
Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures.

Accordingly, due to short maturities, the authority did not recognise an impairment allowance against cash and cash equivalents as at 31st December 2023 (2022: $nil)

Debt Investment Securities
SIEA held debt investment securities of $113,571,429 at 31st December 2023 (2022: $95,714,286). The debt investment securities are held with institutions which are rated Aa3 to B3 based on Moody's credit ratings. In relation to debt investment securities held with these institutions, the Authority monitors changes in credit risk by tracking published external credit ratings but when external credit ratings are not available or published, SIEA monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks and Solomon Islands Government has been measured on the 12 month expected loss basis.

The Authority did not recognise an impairment allowance against debt securities as at 31st December 2023 (2022: $nil)

ii). Liquidity Risk
Liquidity risk is the risk that SIEA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. SIEA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to SIEA's reputation.

SIEA ensures that it has sufficient cash on hand to meet operational expenses including the servicing of financial obligations but this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following are the contractual maturities of financial liabilities:

31st December 2023

	Carrying amount	6 months or less	6-12 months	Greater than 1 year	Total
Financial liabilities	$	$	$	$	$
Trade, other payables and customer deposits	59,048,259	59,048,259	-	-	59,048,259
Solomon Islands Government loan	15,405,450	1,709,266	1,681,242	13,779,090	17,169,598
Lease liability	2,541,055	1,298,576	514,559	3,421,270	5,234,405
	76,994,764	**62,056,101**	**2,195,801**	**17,200,360**	**81,452,262**

31st December 2022

	Carrying amount	6 months or less	6-12 months	Greater than 1 year	Total
Financial Liabilities	$	$	$	$	$
Trade, other payables and customer deposits	66,176,229	66,176,229	-	-	66,176,229
Solomon Islands Government loan	18,207,295	1,765,303	1,737,279	17,169,046	20,671,628
Lease liability	4,879,271	1,523,970	1,395,970	3,870,844	6,790,784
	89,262,795	**69,465,502**	**3,133,249**	**21,039,890**	**93,638,641**

iii). Market Risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates will affect SIEA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

iv). Fuel Price Risk

SIEA is subject to a monthly tariff review. The tariff is based on the Electricity Tariff (Base Tariff and Tariff Adjustments) Regulations 2016 which is adjusted every month for the Honiara Consumer Price Index (CPI), the Producers Price Index (PPI, USA), the exchange rate between the US$ and SBD and the fuel price movements. Fuel costs of $172 million (2020:$139 million) comprises 44% (2020: 37%) of the expenditure of SIEA, so movements in fuel prices are critical to the profitability of SIEA. The monthly tariff review however considers the fuel price movements, the CPI, PPI and exchange rate changes, therefore there is a natural hedge against market movements.

A change of 100 basis points (bp) in fuel pricing at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Profit or Loss

	100bp Decrease	100bp Increase
	$	$
Revenue	563,800	616,100
Expenditure	515,492	563,692
Net Profit	**48,308**	**52,408**

v). Interest Rate Risk

Interest rate risk is the risk that a change in interest rates will impact net interest costs and borrowings.

SIEA has invested in debt securities and has interest-bearing borrowing from the Solomon Islands Government. These are at a fixed interest rate during the term of the instruments.

Given the fixed nature of interest rates described above, the Authority has a high level of certainty over the impact on cash flows arising from interest income and interest expenses.Accordingly, SIEA does not require simulations to be performed over impact on net profits arising from changes in interest rates.

Furthermore, for those financial assets and financial liabilities which are not carried at fair value, their carrying amount is considered a reasonable approximation of fair value.

v). Currency Risk

The Authority is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases, and borrowings are denominated and the respective functional currencies. The Authority does not have significant exposure to currency risk.

Notes to the
Financial Statement
For the year ended 31st December 2023

		Note	2023	2022
			$	$
8.	**Other Operating Income**			
	Other		3,548,752	2,380,433
	Relocation Claims		5,050,000	2,812,303
	Stale cheques		255,614	-
	Reconnections		-	2,500
	Gain on disposal of fixed assets		-	84,314
	Interest received		6,360,989	6,024,543
	Unconditional grant income		2,724,273	2,071,036
			17,939,628	**13,375,128**
9.	**Generation and Distribution**			
	Fuel		240,574,430	259,209,488
	Lubricating oil		3,403,092	3,075,027
	Other		3,249,600	2,962,348
	Personnel	12	42,379,598	38,229,766
	Repairs and maintenance		30,187,099	11,753,208
			319,793,819	**315,229,837**
10.	**Administration**			
	Advertising		415,913	650,946
	Bank fees		204,220	176,979
	Computer bureau charges		1,974,169	2,042,059
	Consultancy fees		5,807,107	5,084,613
	Directors fees and expenses		210,732	284,974
	Electricity		4,386,304	3,843,033
	Electricity rebate		6,771,712	6,849,639
	Freight		493,384	600,028
	Insurance		3,147,274	2,982,319
	Personnel	12	33,657,559	30,872,333
	Printing and stationery		2,549,377	2,031,251
	Professional fees		389,631	1,462,385
	Property expenses		7,549,927	5,694,599
	Telecommunications		4,695,330	4,045,324
	Travel and accommodation		2,468,278	2,304,377
			74,720,917	**68,924,855**
11.	**Operating Expenses**			
	Customs handling charges		1,196,553	2,085,494
	Personnel	12	20,544,122	18,291,463
	Repairs and maintenance		3,414,379	3,900,854
	Vehicle costs		5,462,705	4,484,126
			30,617,759	**28,761,937**
12.	**Personnel Expenses**			
	Salaries and wages		55,137,573	50,368,233
	NPF		3,574,149	3,118,763
	Retirement benefit expense		3,273,749	3,022,094
	Others		34,595,808	30,884,472
			96,581,279	**87,393,562**
	Personnel Expenses Classed by Functions are as follows:			
	Generation and Distribution		42,379,598	38,229,766
	Administration		33,657,559	30,872,333
	Operating Expenses		20,544,122	18,291,463
			96,581,279	**87,393,562**

Average number of employees during the year was 314 (2022: 308)

Notes to the **Financial Statement**

For the year ended 31st December 2023

13. Property Plant and Equipment

	Land	Buildings	Generators	Plant and equipment	Distribution network	Furniture & equipment	Motor vehicles	Tools	Work in progress	Total
	$	$	$	$	$	$	$	$	$	$
Cost / Revaluation										
Balance as 1st January 2022	**101,719,198**	**165,557,084**	**293,730,869**	**159,042,840**	**380,925,685**	**39,853,992**	**40,569,226**	**13,960,107**	**245,001,926**	**1,440,360,928**
Additions	-	-	-	-	-	-	-	-	161,867,819	161,867,819
Disposals	-	(1,016,000)	(4,212,965)	(49,997)	-	(1,477,505)	(8,391,439)	(5,685)	-	(15,153,591)
Work in progress capitalised	2,798,400	10,189,062	7,664,116	6,691,900	20,435,151	3,016,086	4,270,726	1,510,793	(56,576,233)	-
Impairment	-	-	(3,563,625)	(837,649)	-	-	-	-	-	(4,401,273)
Balance at 31st December 2020	**104,517,598**	**174,730,146**	**293,618,395**	**164,847,094**	**401,360,836**	**41,392,574**	**36,448,513**	**15,465,215**	**350,293,512**	**1,582,673,883**
Off set of accumulated depreciation as a result of a revaluation	-	-	(135,087,792)	(51,101,577)	(91,811,609)	-	-	-	-	(278,000,979)
Adjustment to asset revaluation reserve resulting from a revaluation	-	-	50,176,608	15,113,351	138,728,687	-	-	-	-	204,018,647
Reclassifications	-	-	-	(19,862,857)	19,862,857	-	-	-	-	-
Additions	-	16,367	-	-	-	-	-	-	176,350,861	176,367,228
Disposals	-	-	(15,976,699)	-	(349,829)	(956,699)	-	(217,477)	-	(17,500,703)
Work in progress capitalised	1,768,700	21,179,819	51,351,643	3,214,633	34,538,480	4,000,004	3,338,610	1,712,059	(121,103,949)	-
Balance at 31st December 2023	**106,286,298**	**195,926,332**	**244,082,155**	**112,210,644**	**502,329,422**	**44,435,879**	**39,787,123**	**16,959,797**	**405,540,424**	**1,667,558,076**
Breakdown of cost/revaluation										
Revaluations	90,633,902	61,286,867	96,217,992	83,988,799	316,395,987	-	-	-	-	648,523,547
Cost	15,652,396	134,639,465	147,864,163	28,221,845	185,933,435	44,435,879	39,787,123	16,959,797	405,540,424	1,019,034,529
Balance at 31st December 2023	**106,286,298**	**195,926,332**	**244,082,155**	**112,210,644**	**502,329,422**	**44,435,879**	**39,787,123**	**16,959,797**	**405,540,424**	**1,667,558,076**
Accumulated depreciation and impairment loss										
Balance as 1st January 2022	**1,055,125**	**779,918**	**129,299,711**	**40,559,263**	**68,101,963**	**27,533,538**	**26,757,846**	**11,287,281**	**-**	**305,374,645**
Depreciation	-	9,535,423	26,105,881	8,501,972	17,638,252	4,823,278	4,056,343	1,641,554	-	72,302,703
Amortisation of leasehold land	12,747,381	-	-	-	-	-	-	-	-	12,747,381
Depreciation on disposed assets	-	(74,917)	(4,212,963)	(7,132)	-	(1,400,992)	(8,391,438)	(474)	-	(14,087,916)
Impairment	-	-	(3,335,433)	(837,649)	-	-	-	-	-	(4,173,082)
Balance at 31st December 2022	**13,802,506**	**10,240,424**	**147,857,196**	**48,216,454**	**85,740,215**	**30,955,824**	**22,422,752**	**12,928,361**	**-**	**372,163,732**
Depreciation	-	10,158,247	35,246,352	9,835,742	30,654,402	4,719,591	4,842,418	1,588,493	-	97,045,245
Amortisation of leasehold land	12,812,888	-	-	-	-	-	-	-	-	12,812,888
Off set of accumulated depreciation as a result of a revaluation	-	-	(135,087,792)	(51,101,577)	(91,811,609)	-	-	-	-	(278,000,979)
Depreciation on disposed assets	-	-	(15,976,699)	-	(116,924)	(865,500)	-	(215,500)	-	(17,174,623)
Balance at 31st December 2023	**26,615,394**	**20,398,671**	**32,039,057**	**6,950,619**	**24,466,084**	**34,809,915**	**27,265,170**	**14,301,354**	**-**	**186,846,263**
Carrying amounts										
At 31st December 2021	100,664,073	164,777,166	164,431,158	118,483,577	312,823,722	12,320,454	13,811,380	2,672,826	245,001,926	1,134,986,283
At 31st December 2022	90,715,092	164,489,723	145,761,199	116,630,640	315,620,621	10,436,750	14,025,761	2,536,854	350,293,512	1,210,510,152
At 31st December 2023	**79,670,904**	**175,527,661**	**212,043,098**	**105,260,025**	**477,863,338**	**9,625,965**	**12,521,953**	**2,658,443**	**405,540,424**	**1,480,711,812**

Continued

13. Property Plant and Equipment

SIEA has a policy to revalue infrastructure and property assets every 5 years. While the property assets were revalued in 2021, revaluation for generators and the distribution network will be deferred to 2023 due to no local expertise and the borders were closed for most of 2022 for overseas experts to enter the country. SIEA is of the opinion that there has been no material change in the carrying value of the generators and distribution networks despite the last revaluation conducted by Sinclair Knights Merz (SKM) in 2016 since assets are appropriately maintained.

In 2016 SIEA engaged Sinclair Knights Merz (SKM) to carry out an independent valuation of the following classes

- Generators
- Distribution Network
- Plant and Equipment

The valuation methodology utilised by SKM was the optimised depreciated replacement cost (ODRC) approach which is generally considered to represent the minimum cost of replacing the service potential embodied in the network with modern equivalent assets in the most efficient manner from an engineering perspective given the service requirements, the age and condition of the existing assets.

In 2021 SIEA engaged IQV Development Realtors Services to carry out an independent valuation of all land and buildings. Land was valued at fair value, based on average market based evidence and buildings were valued using the replacement cost method upon the appraisal of a professionally qualified valuer. The valuation was completed in December 2021, booked into the accounts from that date, and reflected in the financial statements as at 31st December 2021.

During the revaluation of buildings the replacement cost method required the valuer to use some unobservable inputs which included the standard square metre per area of the buildings, bench marked against the standard per square metre as issued by the Honiara Town Council. In addition, a depreciation rate was applied to the building valuation to the extent of the inspection conducted and the condition of the building, including the current market price of materials for bringing the buildings back to their original state.

In 2016 the combined results of this valuation process was an increase in fixed assets and the asset revaluation reserve of $85,414,971. However, this increase in value was partially offset by an impairment loss of $158,334 which was expensed in profit or loss.

In 2021 the result of the valuation process was an increase in land and building assets and their corresponding reserves of $71,717,897. However, this increase in value has been partially offset by impairment losses totalling $506,708, which have been expensed in profit or loss.

In 2022, management undertook a fixed asset verification of its buildings, plant and equipment to ascertain its existence and value, which resulted in a disposal loss of $1,083,393 (2021: $622,523), which was the book value of assets not in existence or no longer operational.

During the year, SIEA engaged Assured Valuations Pty Ltd to carry out an independent valuation for asset classes relating to Generators, Distribution network and Plant and Equipment.

The valuation methodology utilized by Assured Valuations Pty Ltd was the optimised depreciated replacement cost approach. In determining the optimised replacement cost, Generator used the cost to capacity approach and Distribution and Plant and Equipment used the indexation approach. This revaluation report was dated as 30th April 2023 and reflected in the financial statements as at 31st December 2023.

The combined results of the valuation process was an increase in Generator, Plant and Equipment, and Distribution Network of $204,018,647 and its respective reserves of $204,018,647.

	2023	2022
	$	$
Perpetual Estate Land	19,841,962	19,841,962
Fixed Term Estate	59,828,942	70,873,130
	79,670,904	**90,715,092**

		2023	2022
		$	$
14.	**Cash and Cash Equivalents**		
	Short-term deposits	24,370,000	865,638
	Cash on hand	45,000	45,000
	Cash at bank	203,949,335	286,512,775
		228,364,335	**287,423,413**

The short-term deposits amounting to $24,370,000 (2022: $865,638) are invested with ANZ Banking Group Ltd - Solomon Islands Branch at a rate of 0.5%. The deposits have terms of between on-call and one month. Accordingly, these short-term deposits have been considered as cash and cash equivalents for the purpose of the statement of cash flow.

		2023	2022
		$	$
15.	**Inventories**		
	Electrical and mechanical	73,496,304	75,549,461
	Provision for Inventory	(469,774)	-
		73,026,530	**75,549,461**

Fuel and lubricants held on site on consignment basis from the supplier, South Pacific Oil Ltd, through a contract signed in 2023. Therefore, no fuel and lubricants are recorded in SIEA's inventory.

16.	**Receivables**		
	Current		
	Trade receivables - kilowatt	60,011,521	50,907,949
	Allowance for impairment - kilowatt	(19,833,388)	(21,496,035)
	Trade receivables - CashPower	5,633,960	6,610,950
	Allowance for impairment - CashPower	(3,130,711)	(2,100,441)
	Staff advances	282,464	388,089
	Allowance for impairment- staff advances	(45,759)	(44,069)
	Unread meters	19,183,479	15,821,526
	World Bank	-	2,382,769
	Solomon Island Government	4,026,391	4,178,975
	Other debtors	5,671,842	2,238,934
	Allowance for impairment- staff imprest	(294,047)	-
		71,505,752	**58,888,647**
	Allowance for impairment		
	Balance at the beginning of the year	23,640,545	22,691,525
	Impairment Recognised	(23,926)	1,855,005
	Bad Depts Written Off during the year	(312,714)	(905,985)
	Balance at 31st December	**23,303,905**	**23,640,545**

17.	**Government Bonds**		
	Government bonds	**113,571,429**	**95,714,286**

On 1st December 2018 SIEA purchased Domestic Development Bonds with a face value of $30M from the Solomon Islands Government. The bonds have an interest rate of 5% per annum which is to be paid semi-annually. The bonds have a maturity date of 1st December 2028 and there is a 3 year grace period before principal repayments commence. A total of $4.286M was repaid by the Solomon Islands Government during 2022 leaving an outstanding balance of $25.714M.

On 11th May 2020 SIEA purchased Covid-19 Domestic Development Bonds with a face value of $40M from the Solomon Islands Government. The bonds have an interest rate of 5% per annum which is to be paid semi-annually. The bonds have a maturity date of 11th May 2030 and there is a 3 year grace period before principal repayments commence.

On 8th December 2022 SIEA purchased Domestic Development Bonds with a face value of $30M from the Solomon Islands Government. The bonds have an interest rate of 2% per annum which is to be paid semi-annually. The bonds have a maturity date of 7th December 2024.

On 18th October SIEA purchased a SIG Private placement Bond with a face value of $20M from the Solomon Islands Government. The bonds have an interest rate of 2.25% per annum which is to be paid semi-annually. The bonds have a maturity date of 24th October 2025.

On 8th December 2023 SIEA purchased Domestic Development Bonds with a face value of $15M from the Solomon Islands Government. The bonds have an interest rate of 3% per annum which is to be paid semi-annually. The bonds have a maturity date of 27th December 2026.

18.	**Contributed Capital**		
	Contributed capital	**246,933,170**	**246,933,170**

Contributed capital represents the Solomon Islands Government's equity contributions to SIEA. This is not in the form of shares.

	2023	2022
	$	$
19. Deferred Income		
Balance at 1st January	138,724,814	144,712,266
Additional deferred income	11,710,101	2,382,769
Deferred income recognised during the year	(8,831,579)	(8,370,221)
Balance at 31st December	**141,603,336**	**138,724,814**

The deferred income is shown on the statement of financial position as follows

Current	8,831,579	8,370,221
Non-Current	132,771,757	130,354,593
	141,603,336	**138,724,814**

In 2007, the Government of Japan entered into an agreement with Solomon Islands Government to fund the construction of Lungga Generator and Power Station on behalf of SIEA. The funding of these capital works is a non-reciprocal grant. The value of the capital works was approximately $48 million and has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the power station.

In 2014, a grant of approximately $3.2 million was received from the Japanese International Corporation Agency (JICA) to fund a 50 kW solar grid at the Ranadi Headquarters in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

In 2013, a grant of approximately $3.058 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of a 33kV underground power cable from Lungga Power Station to Ranadi Substation. This project was completed in May 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the underground power cable.

In 2013, a grant of approximately $1.493 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of 11kV switchgear in Honiara Power Station. This project was completed in January 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

In 2013, a grant of approximately $0.839 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of cooling radiators at the Lungga Power Station. This project was completed in June 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the radiators.

In 2015, a grant of approximately $0.765 million was received from the Asian Development Bank to fund the construction of a Coconut Oil Conditioning Unit in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the unit.

In 2015, a grant of approximately $1.015 million was received from the Asian Development Bank to fund the procurement of a Generator Set in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the generator.

In 2015, a grant of approximately $0.867 million was received from the Asian Development Bank to fund the procurement of 11kV and 415V Distribution Equipment for the Auki Power Generation and Distribution Pilot Project. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

In 2016, a grant of approximately $32.5 million was received from the United Arab Emirates Pacific Partnership Fund and the Ministry of Finance and Treasury of the Government of New Zealand to fund a 1000 kW grid connect solar farm at Henderson in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

In 2016, a grant of approximately $1.627 million was received from the Italian Ministry for the Environment, Land and Sea to fund simulation software to enable SIEA to carry out electricity network planning together with the necessary training and consulting services. The deferred income will be amortised to statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.

In 2017 ($1.465 million), 2018 ($3.888 million), 2019 ($9.902 million) and 2020 ($1.596 million) grants were received from the Global Partnership on Output-Based Aid to subsidise the cost of providing electricity to low income households. The deferred income is being amortised to the statement of comprehensive income over the life of the project.

In 2017 ($0.306 million), 2018 ($5.476 million), 2019 ($37.731 million) and 2020 ($6,639 million) grants were received from the Asian Development Bank (ADB) to fund the construction of five grid connected solar power plants in an effort to increase the supply of reliable, clean electricity. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant (approximately $67 million) has been utilised and the asset capitalised to the Fixed Asset register.

In 2018, ($9.778 million) and 2019 ($9.125 million) was received from the New Zealand Ministry of Foreign Affairs and Trade to expand the access to affordable, reliable and clean energy in rural areas of the Solomon Islands. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.

In 2018, grants totalling approximately $10.516 million were received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund construction of power substations and the installation of transformers at Ranadi, Kola'a Ridge and for the relocation of the 11kV feeder 12 from Lungga Power Station to East Honiara Substation. The projects have been partially completed and where applicable the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the substations, transformers and the feeder.

In 2019 ($0.387 million), 2020 ($15.8 million), 2022 ($2.4 million) and 2023 ($10.44 million) grants were received from the World Bank through the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) to fund construction of renewable energy hybrid mini-grids, electricity connections in low income areas, grid-connected solar power and the enabling of environment and project management. Total expected grant for the project is around $113.296 million. The deferred income will be amortised to the statement of comprehensive income upon subsequent completion of the specific projects. The capitalisation of the completed project will also be made into the Fixed Asset register.

In 2021 Solomon Power and the Solomon Islands Government signed a collaboration agreement for the implementation of the rural electrification component under the community benefit sharing project. The funding under the collaboration agreement is to assist Solomon Power to construct transmission lines, house wiring and bring electricity to landowners who have provided their land and resources towards Tina River Hydro Project. In 2021, construction works up to $4.179 million has been incurred and accumulated by Solomon Power under deferred income.

In 2023 $1.27 million was also booked under the deferred income to fully reflect the $5.45 million that was received from the World Bank as funding towards this project. Amortisation of the deferred income has commenced in the current year.

	2023	2022
	$	$
20. Trade and Other Payables		
Current		
Trade creditors	4,754,991	1,516,902
Other payables and accruals	47,416,193	58,354,132
Contractual liabilities	3,833,790	2,700,144
Consumer deposits	6,877,075	6,305,195
	62,882,049	**68,876,373**

	2023	2022
	$	$

21. Solomon Islands Government Loan Agreement

Under an agreement signed with the Solomon Islands Government in June 2014, SIEA has been granted a loan facility of up to $81,883,440 to assist in the financing of the Solomon Islands Sustainable Energy Project (SISEP), at an interest rate of 4% per annum. Under the terms of the agreement the funds have been made available by the Government in a timely manner to facilitate the implementation of SISEP and will be repaid by SIEA over 28 semi-annual payments of principal and interest which commenced from December 2015. The SISEP facility closed on 31st March 2019. To date the following principal amounts have been borrowed and repaid under this loan agreement.

	2023	2022
Balance at 1st January	18,207,295	17,978,922
Foreign exchange realignment	-	3,038,427
Principal Repayments	(2,801,845)	(2,810,054)
Balance at 31st December	**15,405,450**	**18,207,295**

Analysis of borrowings expected to be settled within one year and more than one year.

	2023	2022
Current	2,802,313	2,802,313
Non Current	12,603,137	15,404,982
	15,405,450	**18,207,295**

22. Employee Entitlements

	2023	2022
Current	4,443,427	4,007,121
Non-current	18,052,496	16,466,117
	22,495,923	**20,473,238**

Movement is made up of the following

	2023	2022
Opening balance	20,473,238	20,181,234
Provisions made during the year	6,023,543	6,091,113
Provisions utilised during the year	(4,000,858)	(5,799,109)
Closing balance	**22,495,923**	**20,473,238**

23. Lease

i) As a Lessee

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment

	2023	2022
Property, plant and equipment owned	1,480,711,812	1,210,510,152
Right-of-use assets	5,957,897	8,355,349
Total Assets	**1,486,669,709**	**1,218,865,500**

SIEA leases various assets including land and buildings. Information about leases for which SIEA is a lessee is presented below:

As a Lessee

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment

Right-of-use Assets	**Land**	**Buildings**	**Total**
2023	**$**	**$**	**$**
Balance at 1st January	4,293,128	4,062,221	8,355,349
Additions	96,719	360,641	457,360
Depreciation charge	(87,183)	(2,767,629)	(2,854,812)
Balance at 31st December	**4,302,664**	**1,655,233**	**5,957,897**

As a Lessee

Right-of-use Assets	Land	Buildings	Total
2022	**$**	**$**	**$**
Balance at 1st January	4,319,167	1,880,223	6,199,391
Additions	56,648	5,417,946	5,474,594
Depreciation charge	(82,687)	(3,235,948)	(3,318,636)
Balance at 31st December	**4,293,128**	**4,062,221**	**8,355,349**

	2023	2022
	$	**$**
Lease liabilities included in the statement of financial position at 31st December		
i). As a Leasee		
Current	1,637,267	2,626,413
Non-current	903,788	2,252,858
Balance at 31st December	**2,541,055**	**4,879,271**
Amounts recognised in Profit or Loss		
Interest on lease liabilities	462,149	554,605
Expenses relating to short-term leases	9,055,284	587,110
	9,517,433	**1,141,715**
Amounts recognised in Statement of Cash Flows		
Total cash outflow for leases	2,795,576	3,363,026

24. Related Parties

a) Directors

The Directors in office during the financial year were as follows:

Name

David K.C. Quan – Chairman

James Apaniai

James Habu

Lilly Lomulo

Muriel Ha'apue-Dakamae

Directors' fees and expenses are disclosed in Note 10.

SIEA's transactions with Directors were at arms length.

b) Identity of Related Parties

SIEA being a state-owned entity is the sole provider of electricity in Solomon Islands. As a result, Government of Solomon Islands and other government-related entities are its related parties. Other related parties include Directors and key management personnel of SIEA.

	2023	2022
	$	$

c) **Amounts Receivable from Related Parties**

Included in trade receivables are the following amounts receivable from related entities:

Central Bank of Solomon Islands	312,384	151,493
Central Provincial Government	115,692	75,867
Choiseul Provincial Government	17,194	19,462
Commodity Export Marketing Authority	53,455	1,766
Guadalcanal Provincial Government	59,593	54,374
Home Finance Corporation	43,864	-
Honiara City Council	2,289,046	2,989,074
Makira/Ulawa Provincial Government	116,236	36,887
Malaita Provincial Government	1,386,542	2,670,748
Provincial Hospital	1,975,377	617,319
Solomon Airlines Limited	328,837	235,278
Solomon Islands Broadcasting Corporation	369,645	287,494
Solomon Islands Government	22,018,567	15,811,630
Solomon Islands National University	2,066,541	519,611
Solomon Islands Ports Authority	-	6,375
Solomon Islands Postal Corporation	11,890	-
Solomon Islands Water Authority	3,380,193	53,442
Temotu Provincial Government	74,402	55,728
Western Provincial Government	219,174	371,298
Isabel Provincial Government	584,318	-
	35,422,950	**23,957,846**

Receivables for the Solomon Islands Water Authority includes the Trade Receivables - kilowatt that relates to this organisation.

d) **Transactions with Key Management Personnel**

Key management personnel comprises of the Chief Executive Officer, Chief Financial Officer, Chief Engineer, Deputy Chief Engineer, General Manager Corporate Services, General Manager Customer Services, Manager Finance, Manager Regulatory, Manager Land & Buildings, Manager Generation and Outstations, Manager Distribution, Manager Occupational Health Safety, Manager Business Administration, Power Generation Lead Engineer, General Manager Special Projects, Chief Information & Communications Technology Officer, Manager Projects, Manager Construction, Manager Planning, Manager Contracts, Manager Management Accounting, Legal Counsel, OBA Program Manager and the Directors as listed in note 24 (a).

In addition to their salaries, SIEA also provides non-cash benefits to key management personnel and their total compensation comprised of the following:

Short-term employee benefits	**14,305,387**	**11,863,188**

Transactions with key management personnel are no more favourable than those available, or which might be reasonably be expected to be available on similar transactions to third parties at arms length.

25. Commitments and Contingencies

Capital Commitments

SIEA undertakes capital works and purchases assets according to an approved budget when management considers that sufficient funds are available. Capital commitments as at 31 December 2023 amounted to $1,315,000,000 (2022: $1,136,000,000). These commitments are in relation to property, plant and equipment.

Less Than 1 Year	251,000,000	238,000,000
Between 1 year and 5 years	1,064,000,000	898,000,000
	1,315,000,000	**1,136,000,000**

Contingent Liabilities

Litigation is a common occurrence in the industry due to the nature of the business undertaken. The Authority has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Authority makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on the Authority's legal counsel, the claims against the Authority does not have meritorious grounds and management assessed the claims have reasonable prospects of being struck out. As a result, management believes that its defence in Court or arbitration has reasonable prospects of success. Management also does not consider a reliable estimate can be made at this stage in the event the Authority is not successful though it is considered for this event to occur is remote.

A claim has been made against SIEA in relation to an electrocution incident involving a member of the public in 2018. However, no court proceedings have been instituted. Liability is still in issue. SIEA holds public liability insurance cover. If the claim is covered under SIEA's public liability insurance policy, SIEA's financial exposure might be covered under the insurance policy. The claim is yet to be quantified therefore there is insufficient information to ascertain SIEA's potential financial exposure.

The contingent liability for the authority as at 31st December 2023 is in the respect of a guarantee placed on it's leased Generators. The directors and management are of the opinion that no losses will be incurred in respect of these contingent liabilities.

Details and estimates of maximum amounts of contingent liabilities are as follows:

	2023	2022
	$	$
Guarantees and endorsements	**20,600,000**	**-**

26. Capital Management

SIEA's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain or adjust the capital structure, SIEA may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

27. World Bank Financing

a) Financial Support Received

SIEA has received financial support from the World Bank's International Development Association (IDA) on the Solomon Islands Sustainable Energy Project (SISEP) since July 2008 to improve operational efficiency, system reliability and financial sustainability of SIEA. However, this funding closed on the 31st March 2019. Further, the World Bank, through a multi donor trust fund, has also extended financial support on the Output-Based Aid (OBA) programme since August 2016, for increasing access to electricity services in low-income areas of Solomon Islands. In addition to the SISEP and OBA programmes, the World Bank through the IDA has provided further support under the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) since October 2018. SIEAREEP's objective is to increase access to grid supplied electricity and increase renewable energy generation in the Solomon Islands.

b) Grants

SIEA has received total grants of USD 13,052,716 from these programmes since their commencement (2022: USD 11,712,512). The 2023 balance consists of the following funds, IDA H9130 – USD 1,948,784, IDA H4150 – USD 3,834,859, TF A2923 - USD 2,193,565, IDA 3270 - USD 3,787,952, TF A7425 - USD 453,344 and TF A718 - USD 834,211.

c) Credit Funds

The credit funds are interest-bearing loans that are required to be repaid and are shown in the current and non-current liabilities as they are drawn down.

d) Use of the Proceeds

The proceeds of the World Bank grants and credits have been utilised in accordance with their intended purpose as specified in their respective agreements.

A summary of the transactions that took place during the year is as follows:

	2023	2022
	USD	USD
Designated Account		
Balance at 1 January	951,470	879,322
Receipts	516,202	258,465
Expenditures	852,106	186,317
Balance at 31st December	**615,566**	**951,470**

	2023	2022
	USD	USD
Grants		
TF A2923	-	-
IDA D3270	761,076	807,420
TF A7425	224	203,120
TF A7418	569,903	-
Balance at 31st December	**1,331,203**	**1,010,540**

Credit Funds IDA 53790		
Balance at 1 January	2,114,558	2,447,473
Principal repayments	332,915	332,915
Balance at 31st December	**1,781,643**	**2,114,558**

e) Project Financial Report

	2023	2022	Cumulative (PTD)
	USD	USD	USD
Balance at 1st January	**951,470**	**879,322**	**-**
Source of Funds			
IDA H4150		-	3,834,859
IDA H9130	-	-	1,948,784
TF A2923	-	-	2,193,565
IDA D3270	761,076	807,421	3,787,952
TF A7425	224	203,119	453,344
TF A7418	569,903	-	834,211
IDA 53790	-	-	5,925,941
Total Source of Funds	**1,331,203**	**1,010,540**	**18,978,657**
Total Available	**2,282,673**	**1,889,862**	**18,978,657**
Use of Funds			
Component A	-	-	5,622,961
Component B	467,284	752,076	2,641,072
Component C	1,199,566	26,163	9,408,600
Component D	-	159,826	667,089
Component E	258	328	14,815
Total Uses of Funds	**1,667,108**	**938,393**	**18,354,537**
Net Difference	**615,566**	**951,470**	**624,121**
Exchange Gain / (Loss)	0	0	8,555
Closing Balance	**615,565**	**951,470**	**615,565**

28. Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Authority has access at that date. When available, the Authority measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Authority uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of relevant observable inputs and maximising the use of unobservable inputs.

The different levels have been defined as follows:

The fair value of generators and distribution assets were determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the assets being valued. The independent valuers provide the fair value of the Authority's generation and distribution asset every 3-5 years. The fair value measurement for generation and distribution asset has been categorised as a Level 2 and Level 3 fair value respectively based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as significant unobservable inputs used.

Valuation technique	Asset	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Cost to Capacity approach	Generators and Solar Panels	Premium for customs duty, taxes and remote locations costs	The estimated fair value would increase (decrease) if:
		Ancillary property and equipment	Premium for customs duty,taxes and remote locations rate were higher (lower); and
		Depreciation rate applied.	Ancillary property and equipment were Lower (higher).
			Depreciation rate were lower (higher);
Indexation approach	Distribution Assets and Hydro		The estimated fair value would increase (decrease) if:
		Depreciation rate applied.	Depreciation rate were lower (higher);

29. Events subsequent to balance date

SIEA ("offtaker") initially entered into a Power Purchase Agreement ("PPA") with Tina Hydropower Limited ("THL or Project company"). THL engaged Hyundai Engineering Co. Ltd ("HEC or Contractor"), to execute and complete the necessary works for the development and construction of the Plant under an Engineering Procurement and Construction contract ("EPC"). Due to delays in project, the Contractor has raised additional claim against the project company who in turn has raised these claims against SIEA. The project company's claim against SIEA involved three components: prolongation claim (US$8 million) for delays due to Covid 19, additional operational claims (US$15 million) and increase the price escalation cap from US$9.7million to (US$47 million) to reflect the increase in the material price indices. The net claim was US$50 million after considering reduction in equity return accepted by project company. Subsequently on 5th March 2024, the project company and contractor agreed and signed a settlement EPC contract and SIEA and project company also agreed and signed a settlement PPA. Settlement PPA will result in additional cost of completing Tina Hydropower project affecting the tariff project cost of sourcing electricity upon completion of the project.

Glossary

kV	Kilovolt
HV	High Voltage
kW	Kilowatts
MW	Megawatt (= 1000 kW)
GWh	Gigawatt-hour (= 1 million kWh)


SolomonPower
energising our nation


LINE MECHANIC
APPRECIATION DAY

Our **Call Centre**
is available **24/7**

166/167

www.**solomonpower**.com.sb

Scan me for
more info

SolomonPower
energising our nation