



**UTILITIES REGULATORY AUTHORITY
ACT NO.11 OF 2007**

**MONTHLY ADJUSTED PRICE OF ELECTRICITY OF PORT VILA
FOR MARCH 2023**

Notice No. 14 of 2023

In the exercise of the powers conferred upon the Authority by subsection 13(1) and section 18 of the Utilities Regulatory Authority Act No.11 of 2007 (as amended) and in light of the Arbitration Panel Award of 5th June 2021 in the Matter of the 2020 Arbitration between *Union Electrique du Vanuatu Ltd and the Government of the Republic of Vanuatu* (Represented by the Utilities Regulatory Authority), the Authority makes the following approval of UNELCO's monthly adjusted electricity price for the concession of Port Vila.

1 Monthly Adjusted Price of Electricity to be charged by UNELCO.

The Authority approves UNELCO's monthly adjusted price of electricity of **66.84 Vatu/kWh** to be charged to electricity consumers of the Port Vila electricity concession.

2 Monthly Tariff Adjustment Formula and Parameters

- (1) The monthly tariff adjustment formula and parameters used to adjust the price, as submitted to the Authority by UNELCO, are set out in the schedule.

3 Application of the Monthly Adjusted Price

The monthly adjusted price applies to electricity customers of the concessions of Port Vila for the month of March 2023.

4 Commencement date

This Approval is deemed to commence on 10th of March 2023.

Made at Port Vila this 13th day of March 2023.

Paul Kaun
Chief Executive Officer
Utilities Regulatory Authority



SCHEDULE

The Monthly Electricity Price Adjustment Formula is set out below:

$$P = P_0 \times \left\{ 0.375 \times \frac{G}{G_0} \times \frac{N}{N_0} + 0.049 + \left[0.257 \times \frac{M}{M_0} + 0.019 \times \frac{IM}{IM_0} \times \left(0.6 + 0.4 \times \frac{C}{C_0} \right) + 0.300 \right] \times \frac{V_0}{V} \right\} + PPA + \frac{X_0}{V}$$

Where:

Base Indexes:	Definitions:
P_0	Base Price determined by the 2020 Arbitration Panel by way of its Final Decision of 5 th June 2021 as: <u>$P_0 = 48.60 \text{ Vatu/kWh}$</u>
G_0	Is the marginal cost of fuel and lubricant oil used for the thermal generation as determined by the Panel to compute P_0 , generated from thermal generation : <u>$G_0 = 20.3593 \text{ Vatu/kWh}$</u>
M_0	Base index corresponding to the average of the first and second quarter of 2020 index of the Port Vila Consumer Price Index (CPI) published by the Vanuatu National Statistics Office (VNSO): <u>$CPI_0 = 168.85$</u>
IM_0	Is the base index of the indices "Materiel" (IM28), of July 2020, published by the institut des statistiques et des Etudes Economiques (ISEE) of New Caledonia: <u>$IM_0 = 108.72$</u>
N_0	Ratio resulting from dividing the quantity of electricity generated by UNELCO from thermal sources and total electricity generated by UNELCO, as per the panel determinations to compute P_0 : <u>$N_0 = 0.8592$</u>
C_0	Base value of the exchange rate between the Pacific Franc (XPF) and the Vatu (VUV); it is based on the average of daily exchange rates for the month of August 2020, as provided by ANZ Bank in Port Vila: <u>$C_0 = 1.1569$</u>
V_0	Base volume (Demand -in-P) determined by the Panel to compute P_0 . <u>$V_0 = 58,431,274$</u>
X_0	Total amount of under-collection, in Vatu, determined by the Panel for the period between the effective date of the new P_0 , September 2, 2020, and the eve of the implementation of the new P_0 , May 31 202, divided by the period remaining for the recovery (51 Months) and multiplied by 12 months: <u>$X_0 = 34,728,358$</u>
Current Indexes:	
P	The Monthly Applicable Electricity Price is: <u>66.84 Vatu/kWh</u>
G	The current weighted unit cost of diesel, copra oil, and lubricant oil used for thermal generation. It is calculated and updated once per month: <u>35.2693 Vatu/kWh</u>
M	The current updated CPI for Quarter 3 in 2022 as determined by the VNSO ¹ is set at: <u>184.50</u> . Latest available value of the Port Vila Consumer Price Index, as published by the Vanuatu National Statistics Office (VNSO), at the moment of calculation of the monthly Reference Price P.
IM	The 'Indice Materiel' (IM28), published by the institut de Statistiques et des Etudes Economiques (ISEE) of New Caledonia or the journal officiel (Gazette) of New Caledonia, index corresponding to the first of the two months preceding the calculation of the monthly reference price P: <u>131.66</u>

¹ Vanuatu National Statistics Office

	Website: http://www.isee.nc/economie-entreprises/entreprises-secteurs-d-activites/immobilier-construction
N	Is the average proportion of power generated from thermal generation (diesel and copra oil) and is calculated as a ratio of UNELCO thermal generation in UNELCO's overall generation. <u>N = 0.9288</u>
C	Is the selling exchange rate conversation for Pacific Franc (XPF) to Vatu (VUV); it is based on the average of daily exchange rates for the month preceding the tariff adjustment, as provided by ANZ bank in Port Vila: <u>C = 1.0863 XPF/VUV.</u>
V	Is the demand, expressed in units of P, updated every month based on the trailing twelve months. The trailing twelve months for this variable are calculated from (and including) the second month preceding the tariff adjustment. <u>V = 58,478,584</u>
PPA	Purchased power costs over the twelve months beginning from m-2 (m being the month of the reference price P being calculated) and the eventual benefit sharing; PPA is calculated and updated every month. <u>PPA = 0.4367</u>

Applying the current indexes into the monthly electricity price adjustment formula as set-out above, the computed monthly electricity price effective for the month of March 2023 is **66.84 Vatu/kWh.**