



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

**DETERMINATION OF MAXIMUM PRICE OF ELECTRICITY FOR
VANUATU NATIONAL POWER AND WATER AUTHORITY
MALEKULA MINI GRIDS**

Notice No. 318 of 2026

In the exercise of the powers conferred upon the Authority by section 18 of the Utilities Regulatory Authority Act No.11 of 2007 (as amended), the Authority makes the following Determination.

1 Definition

In this Determination, unless the contrary intention appears.

Commission Decision means the Authority's Decision Order (Case- U-0020-26) in the matter of Electricity Tariff determination for Vanuatu National Power and Water Authority (VANPAWA) Malekula Mini Grids.

2. Maximum Price of Electricity to be charged by VANPAWA Malekula Mini Grids

The maximum price of electricity that VANPAWA Mini Grids are allowed to charge to customers is **68.00 Vatu** per kilowatt hour (VT/kWh)

3 Application of the Determined Price

The maximum tariff outlined under sections 1 and 2 are to be applied to VANPAWA Malekula Mini Grids electricity customers as of October 2026 to September 2027.

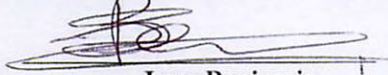
4 Expiry of the Determination

This Determination expires 12 months from the commencement date.

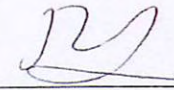
5 Commencement date

This Determination commences on the date on which it is published in
the Official Gazette.

Made at Port Vila this 2nd day of October 2026


Jesse Benjamin
Chief Executive Officer &
Executive Commissioner




David Warfe
Commissioner


Jerryson Lapi
Chairperson



Authority's Decision and Commission Order

Case U-0020-26

In the Matter of VANPAWA Malekula Mini Grids Tariff Determination

October 2026

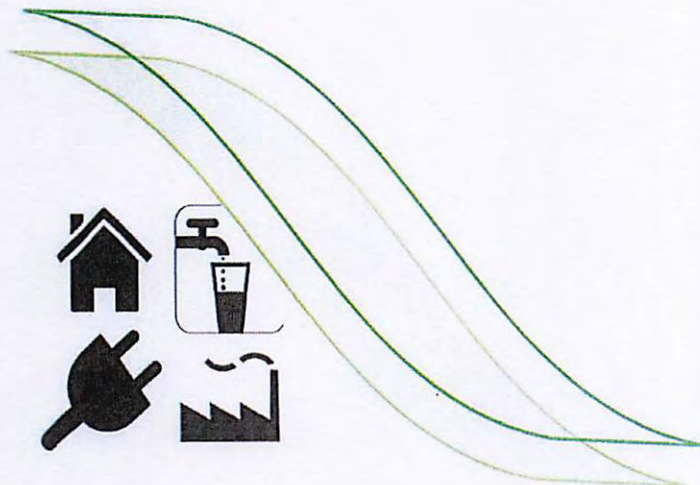


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1 Executive Summary

As part of the Vanuatu Rural Electrification Project (VREP), particularly VREP II, the Government of Vanuatu, through the Department of Energy (DoE), is implementing several initiatives, including the development of mini grids on Malekula. The project aims to increase the use of renewable energy and expand access to electricity services in Vanuatu's dispersed off-grid areas in support of the Government of Vanuatu's objectives and targets for increasing access to secure, reliable and affordable electricity to its citizens under the National Energy Road Map (NERM).

Accordingly, in August 2026, the Council of Ministers (CoM) endorsed Decision No. 219, authorising VANPAWA to operate, manage, maintain, and invest in the electricity infrastructure of the six mini grids within the Malekula concession.

Following these developments, the Vanuatu National Power and Water Authority (VANPAWA) submitted a tariff application to the Utilities Regulatory Authority (the Authority), seeking a tariff determination for the five newly constructed mini grids in Rensarie, Lamap, Peskarus, Akamb, and Farun, which are expected to be commissioned in October 2026.

After receiving the tariff application on 21 August 2026, the Authority commenced its tariff review process. This included requesting additional information and assessing the interim tariff to apply during the transitional period.

Based on its assessment, the Authority has determined an interim uniform base tariff of **68.00 Vatu per kilowatt-hour (VT/kWh)** as presented in Table 1 below. The tariff will apply for **one year, from October 2026 to September 2027**, and will support the operations of the five mini grids in Rensarie, Lamap, Peskarus, Akamb, and Farun.

Table 1: Interim Uniform Tariff

Tariff Components	Unit	Tariff Period
Required Revenue	VT	16,249,572
Demand	kWh	241,484
Interim Uniform Tariff	VT/kWh	68.00

2 Purpose and Legislative Framework

Table 2: Case Information

Case number	U-0020-26
In the matter of	Electricity Tariff Determination for VANPAWA Malekula Mini Grids
Date of Decision and Commission Order	02 October 2026

2.1 Purpose & Structure of this document

The purpose of this document is to present the Authority's interim uniform tariff determination for the VANPAWA Malekula mini grids in the communities of Rensarie, Lamap, Peskarus, Akamb, and Farun in the South and South-eastern parts of Malekula.

This document is structured as follows:

Section 3 provides an overview of the mini grids

Section 4 provides the Authority's methodology in determining the tariff.

Section 5 presents the tariff model components.

Section 6 outlines the tariff determination.

2.2 Legislative Requirements & Framework

The legislative framework for this determination is set out in the Utilities Regulatory Act No. 11 of 2007 (as amended).

Section 12 defines the functions of the Authority, including under Section 12(1)(a), the exercise of the functions and powers conferred by the Act or by any other relevant legislation in furtherance of its objectives.

Section 18 of the Act empowers the Authority to set the maximum price that may be charged for any regulated service in Vanuatu.

Accordingly, this Commission Order is issued under Section 18 (1) of the URA Act, determining the applicable tariff for the tariff period as defined in this document.

3 Overview of the mini grids

This section provides an overview of the mini grid service areas, the socio-economic activities of the communities served by the mini grids and the technical configuration of each mini grids.

3.1 Area of Service

According to the feasibility study conducted by the Project Consultant, Trama Tecno-Ambiental (TTA), the mini grid development project has identified and secured agreements with five beneficial communities on the island of Malekula for the construction and operation of mini grid systems. The participating communities are:

- Rensarie;
- Lamap;
- Peskarus;
- Akamb; and
- Farun.

Figure 1: Location of Mini Grid Communities



Mini Grid #1: Rensarie

The Rensarie mini grid will serve the Rensarie college, where the generation facility is located, as well as the neighboring communities of Taremb and Tembibi. The mini grid is expected to provide electricity services to a total of 107 customers, comprising 79 households, 21 businesses, and 7 institutions.

Mini Grid #2: Lamap

The Lamap mini grid will serve the Lamap community and surrounding areas, including Sectors 2, 3, and 4, as well as part of Sector 1. Sector 5 and the remaining portion of Sector 1 are outside the planned electrification area. The projected customer base is 260 connections, consisting of 206 households, 41 businesses, and 13 institutions.

Mini Grid #3: Peskarus

The Peskarus mini grid will provide electricity services to the community of Peskarus on Maskelyne Island. Although the primary and secondary schools and the health centre are located outside the main community

area, they are included within the project's service coverage. The mini grid is expected to serve 151 customers, consisting of 122 households, 23 businesses, and 6 institutions.

Mini Grid #4: Akamb

The Akamb mini grid will cover the entire island of Akamb and is projected to serve 180 customers. This includes 144 households, 29 businesses, and 7 institutions.

Mini Grid #5: Farun

The Farun mini grid will provide electricity services to the community of Farun and is expected to serve a total of 121 customers. The customer base comprises 86 households, 24 businesses, and 11 institutions.

3.2 Socio-economic Activities

The feasibility study identified farming as the main income generating activity for more than half of households within the mini grid service areas, with copra and kava being the two most widely cultivated crops. Average monthly cash income was estimated at Vatu 31,519 per household, compared with Vatu 50,141 for businesses and Vatu 70,000 for institutions.

Average household expenditure was estimated at Vatu 21,426 per month, covering food, clothing, health care, transportation, social activities, and electricity. Reported energy expenditure averaged Vatu 434 per month, with most respondents spending less than 5% of their income on energy.

3.3 Summary of Mini Grid Installations

The technical configuration of each mini grid varies according to the projected demand and number of customers to be served. Table 3 below provides a summary of the key infrastructure installed for each mini grid system, including generation, storage, back up generation, distribution network, and customer connections.

Table 3: System sizing of each Mini Grid

Element	MG1 Taramb + Tembibi	MG2 Lamap	MG3 Peakarus	MG4 Akamb	MG5 Farun
PV array	153 kWp	132.6 kWp	132.6 kWp	132.6 kWp	81.6kWp
Charge controller	2 pcs	2 pcs	2 pcs	2 pcs	2 pcs
PV inverter	125 kVA	100 kVA	100 kVA	100 kVA	75 kVA
Battery bank (Li-Ion)	293.76 kWh	251 kWh	251 kWh	251 kWh	172.8 kWh
Battery inverter	135kVA	135kVA	135kVA	135kVA	90kVA
Back-up generator	85kVA	85kVA	85kVA	85kVA	85kVA
Powerhouse	10 x 5 m	10 x 5 m	10 x 5 m	10 x 5 m	10 x 5 m
Fencing	142 m	172.8 m	-	146 m	142 m
Distribution line	3,382m	6,958 m	2,727m	2,439m	3,382m
Streetlights (50W)	20 pcs	19 pcs	17 pcs	17 pcs	12 pcs
Number of connections	115	285	165	196	133

4 Tariff Determination Methodology

This section outlines the review process undertaken and the methodology applied in determining the interim tariff for the Malekula mini grids.

4.1 Tariff Review Process

VANPAWA submitted a tariff application on 21 August 2026 seeking the Authority's approval of an indicative tariff for the five mini-grid sites in Malekula. The proposed indicative tariff is intended to apply for an interim period of one year following the commissioning of the mini grids. This initial period will enable the collection of operational, technical, and administrative data necessary to support the development of a more accurate and cost-reflective tariff in the subsequent tariff review.

The indicative tariff proposed by VANPAWA is based on the tariff model and supporting analysis prepared by Trama Tecno-Ambiental (TTA), as presented in the relevant feasibility study report.

After reviewing the tariff application, the Authority initiated the tariff review process on 11 September 2026. The Authority requested supporting data and calculations for the indicative tariff application, copies of the pre-feasibility study report prepared by TTA, and other relevant supporting documents.

The Authority received the requested information on 16 September 2026 and used it to review the application and conduct its further assessment on determining the interim tariff to be applied.

4.2 Tariff Setting Methodology

The Authority conducted its assessment in accordance with the cost-reflective methodology as outlined in its Mini Grid Tariff Determination Guideline (Case File: U-0016-26). This methodology uses a 'building blocks' approach to assess whether cost components are reasonable and prudent and to allow the mini-grid operator, in this case, VANPAWA to recover sufficient revenue to meet the operational costs incurred during the tariff period.

The building-block cost components relevant to VANPAWA's cost of providing electricity services and to the calculation of the base tariff for the mini grids are as follows:

- **Cost of Service:** All costs incurred in operating the mini grids, including administrative expenses, repairs and maintenance, fuel, technical support, land rental, IT infrastructure and personnel costs.
- **Revenue Requirement:** The total cost associated with providing electricity services through the mini grids, including the cost of service, the replacement fund, and other customer-related funds.
- **Demand:** The forecasted electricity demand for the tariff period, representing the minimum quantity of electricity that the mini grids are expected to sell to customers during that period.
- **Base Price/Interim Tariff:** The tariff that VANPAWA will charge its mini-grid customers, calculated by dividing the total revenue requirement by the forecasted demand for the tariff period.

5 Tariff Model Components

This section outlines the main tariff model components and the assumptions applied in calculating the tariff.

5.1 Demand and Consumption

A total customer base of 822-meter connections is considered in this tariff period for all 5 mini grids as shown in Table 4 below. Customer breakdown by customer categories is as follows: Household customers (640), Business customers (138), and Institutions (44).

Table 4: Customer Numbers 2026 - 2027

Customer Numbers, 2026-2027	Rensarie	Lamap	Peskarus	Akamb	Farun	Total
Household (HH)	79	206	123	145	87	640
Businesses (BB)	21	41	23	29	24	138
Institutions (II)	7	13	6	7	11	44
Total Customers	107	260	152	181	122	822

The Authority has forecasted an annual total demand of 241,484 kWh for the tariff period as shown in Table 5 below. The Electricity demand for each of the mini grids is projected as follows: Rensarie is 33,836 kWh, Lamap is 74,533 kWh, Peskarus is 41,282 kWh, Akamb is 49,385 kWh, and Farun 42,450 kWh.

Table 5: Forecasted Annual Demand

Annual Demand, 2026-2027	Rensarie	Lamap	Peskarus	Akamb	Farun	Total
Household (HH)	14,418	37,595	22,448	26,463	15,878	116,800
Businesses (BB)	9,198	17,958	10,074	12,702	10,512	60,444
Institutions (II)	10,220	18,980	8,760	10,220	16,060	64,240
Total	33,836	74,533	41,282	49,385	42,450	241,484

5.2 Operational Cost

A total operating expenditure of Vatu 6,763,937 has been determined for the 2026 – 2027 tariff period, as presented in Table 6 below. This amount includes the costs associated with operating and maintaining the five mini grids, including fuel, repairs and maintenance, office and administrative expenses, supplies, land rental and personnel costs. It also includes an allowance for VANPAWA's IT infrastructure costs, which relates to investments made to support the operation and management of the mini grids. The Authority notes that these IT-related costs and any associated capital investments will be reviewed and assessed during the next tariff review to determine the appropriate capital cost treatment.

Table 6: Breakdown of Operating Expenses

OPEX, Cost Components	Tariff Period
Fuel Cost	100,000
Repair and Maintenance	1,000,000
Repair and Maintenance supplies	2,067,486
Diesel O&M	307,451
Subcontracting (5 locals hired)	300,000
Personnel Cost	800,000
Technical Support	500,000
Administrative Expenses	820,000
Compensation - Use of Land	369,000
VANPAWA IT Infrastructure	500,000
Total OPEX	6,763,937

5.3 Force Majeure Fund

The Authority considers the establishment of a force majeure fund to be a more practical and cost-effective approach than including insurance costs as part of VANPAWA's operating expenses. The force majeure fund will provide financial coverage in the event of a force majeure event such as cyclones causing damage to electricity infrastructure.

Accordingly, the Authority has determined a force majeure allocation of Vatu 430,475, equivalent to a customer contribution of Vatu 2 per kWh of electricity consumption. The funds will be collected and held by VANPAWA, and any use of the fund shall be subject to the Authority's approval.

5.4 Replacement Fund

The Authority has reviewed and accepted VANPAWA's proposal (as indicated in its Tariff Application) to establish a replacement fund in place of the depreciation-based asset recovery mechanism.

The replacement fund is intended to accumulate funds for the future replacement of mini grid assets at the end of their useful lives, thereby supporting long-term sustainability, reliability, and continued operation of the mini grid systems.

Therefore, for the 2026 – 2027 tariff period, the Authority has determined a replacement fund provision of Vatu 9,055,160, to be recovered through a customer charge of Vatu 38 per kWh of electricity consumed.

5.5 Total Required Revenue

The total annual required revenue to operate and maintain the Malekula mini grids for the tariff period 2026-2027 is Vatu 16,249,572 as shown in Table 7 below.

Table 7: Annual Revenue Requirement

Tariff Components	Rensarie	Lamap	Peskarus	Akamb	Farun	Total
Cost of Service (incl. personnel cost)	1,352,787	1,352,787	1,352,787	1,352,787	1,352,787	6,763,937
Replacement Fund	1,811,032	1,811,032	1,811,032	1,811,032	1,811,032	9,055,160
Force Majeure Fund	86,095	86,095	86,095	86,095	86,095	430,475
Total Revenue Requirement (Vatu)	3,249,914	3,249,914	3,249,914	3,249,914	3,249,914	16,249,572

6 Authority's Tariff Determination

After conducting its tariff determination exercise, the Authority has determined an interim uniform tariff for a one-year period (2026-2027) of **68.00 Vatu/kWh** for VANPAWA Malekula mini grids as shown in Table 8 below.

The uniform tariff is to be applied across all five mini grids in South and South-east Malekula and is preferred to a stand-alone tariff because a stand-alone tariff may not be affordable in some communities such as Rensarie, Peskarus and Farun.

Table 8: Uniform Base Tariff

Tariff Components	Rensarie	Lamap	Peskarus	Akamb	Farun	Uniform tariff
Cost of Service, Vatu	1,352,787	1,352,787	1,352,787	1,352,787	1,352,787	6,763,937
Replacement Fund, Vatu	1,811,032	1,811,032	1,811,032	1,811,032	1,811,032	9,055,160
Force Majeure Fund, Vatu	86,095	86,095	86,095	86,095	86,095	430,475
Total Required Revenue, Vatu	3,249,914	3,249,914	3,249,914	3,249,914	3,249,914	16,249,572
Demand, kWh	33,836	74,533	41,282	49,385	42,450	241,484
Tariff (Vatu/kWh)	97.00	44.00	79.00	66.00	77.00	68.00

For comparison purposes, at present, the Wintua/Lorlow mini grid in South-west Malekula operates at 67.00Vatu/kWh tariff.

There are no additional charges apart from the tariff set and the URA surcharge is waived.

Utilities Regulatory Authority

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