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# SIEA: 2024 Statement of Corporate Objectives

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20th November  
2023

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This document is in compliance with  
the requirements of section 13 of the  
Solomon Islands State-Owned  
Enterprise Act 2007

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## 1. INTRODUCTION

Solomon Power (SP) diligently aims to fulfil its vision of “energising the nation” by effectively carrying out its mission of providing “safe, reliable, affordable and accessible supply of electricity to the Solomon Islands”. As one of the largest State Owned Enterprise (SOE) in the country, SP is undertaking its energy mandate with an earnest desire to build the nation both in terms of providing electricity access to more homes around the country through more renewable energy. Ultimately, SP is striving and will work hard to reach the target of 23% of Solomon Islanders and 80% of Honiara residents having access to electricity by 2025. Furthermore, SP will strive to reach the target of 100% renewable energy in Honiara by 2030.

2023 is SP’s second year of its implementation of its Corporate Strategy Plan 2022 – 2027. The plan focused on five core Strategic Themes. These were, an effective Business Model, Financial Sustainability, engaged Stakeholders, robust Infrastructure and committed Environment and Social Safeguards.

Maintaining reliable power supply in both Honiara & Outstations was a challenge in 2023. As a result of load shedding in Honiara from period of May to September SP there was a reduction in revenue. A recovery plan was implemented in June and load shedding ceased in October.

We have continued to support the government with asset relocation and setup for major infrastructures such as Pacific Games 2023, Honiara International Airport & Road Upgrades. We have increased renewable generation production, with the inclusion of grid connect solar at Kirakira, Tulagi, Munda & Malu’u. We have extended the network at 10 locations throughout the country and increased our customer base by 5% to 26,651 by the end of October. 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 the Chief Executive Officer position from 1<sup>st</sup> August 2023.

2024 would be the third year under the 2022 – 2027 Corporate Strategy. SP will continue with its plans towards achieving the KPIs set under that Strategy Plan, taking into the consideration the following major events, changes & reviews that will occur in 2024 such as; Electricity Act Amendments 2023 and change to the tariff setting process including emphasis on strategies to reduce tariff, looking at new revenue streams to counter for any reduction in tariff, electricity sector reforms, volatile fuel prices, the progress of Tina River Hydro Project, National General Elections and review of SP’s business continuity plans.



Figure 1: Munda Solar Farm

## 2. 2023 IN REVIEW

The Key drivers of 2023 budget were the following Key Result Areas

- KRA 1 - Assets and Energy; Maintain reliable power supply
- KRA 3 - Assets and Energy; Diversify assets into more renewable generation solutions
- KRA 2 - Employee relations and Welfare; workforce management and skills development
- KRA 10 - Customer Loyalty; increase customer base
- KRA 14 - Operational Excellence; reducing technical losses

### 2.1 Assets and Energy; Maintain reliable power supply

Total Customer Minutes Lost (CML) in the year to September 2023 was 379 million CML, compared to 16.1 million CML over the same period in 2022. More than 90% of the CML recorded for this period was due to the load shedding due to shortage in generation capacity. There were significant delays in the implementation of major overhaul maintenances of generators and procurement of their parts, which resulted in a total of up to seven generators being out of service thereby a major load-shedding was implemented across SP' network in Honiara mainly from May 2023 to September 2023.

#### 2.1.1 Honiara Power Supply

Due to challenges to maintenance planning, generator dispatch scheduling and operations due to longer supplier lead times for parts and services caused by the COVID-19 global pandemic; there were significant delays in scheduled major overhauls of the generators and delivery of the engine parts for Lungga Power Station. Consequently, a total of up to seven generators were out of service within a short period of time between May and September 2023. This forced Solomon Power to implement a major load shedding schedule as the available generation capacity has significantly reduced from 25 MW to 10 MW.

A 'Generator Recovery Project' team was set up to focus on recovery of these generators, close monitoring of maintenance the running generators, and also to look at contingency planning which involves procurement of leased emergency generators for a 6 months' lease period. Through implementing the recovery projects, available generation capacity has significantly increased to 16MW by the end of September 2023. This came about as a result of completion of generators major overhauls and fixing the derating issues on four machines at the Lungga new power station.

As a contingency plan, Solomon Power also commenced an emergency generator project composing of up to 5 MW of lease generators anticipated to be online by early November 2023.

Planned outages also took place all throughout the year. These relates to necessary works required such as vegetation management and asset relocation as part of Kukum Highway road upgrade phase 2, Pacific Games Construction works at KGVI included installations, testing and energising of transformers, RMU units and cables. Also included road works upgrade by CCECC for Western side by CCEEC from Town ground to White River end.

Commissioning of Ring Main units at Burnscreek and Uncle Alick locations provided additional switching links between Substations – Honiara East, Lungga power station and Ranadi substation. This has contributed to added flexibility for operation of the eastern end 11kV

distribution feeders and will also provide smaller radius where faults/maintenance works can be isolated.



Figure 2: Overhaul at Lungga

### 2.1.2 Outstations Power Supply

Reliability of Power Supply was a challenge in most provincial stations for this year. This included Tulagi station, which experienced blackout periods early this year due to faults experienced on the two generators at site. Solomon Power hired a generator to restore supply to the Island while the fixes are done. This issue was finally resolved in September 2023 and the station power supply is restored.

Other stations such as Auki, Gizo, Kirakira, Lata, Maluu and Noro, also experienced series of mechanical and electrical faults, which affect the reliability of power supply to stations concerned. Two major overhauls planned to be implemented for the outstations include Noro and Gizo outstations. Noro station engines overhauls will be anticipated to happen by end of this year while Gizo overhaul services is projected for second quarter next year 2024.

## 2.2 Assets and Energy; Diversify assets into more renewable generation solutions.

Solomon Power's medium term goal is to transition to more renewable energy solutions. It has accordingly embarked on a variety of renewable energy projects around the country. This is part of a strategy to reduce costs by displacing diesel in thermal generation, reduce greenhouse gas emissions and contribute to reducing non-technical losses. Furthermore, greater emphasis is Renewable Energy Roadmap with plans for 100% Renewable Energy in Honiara by 2030.

Unfortunately, the impact of the Covid pandemic particularly on travel restrictions, force majeure changes in law conditions, and supply chain disruptions have led to unfortunate delays in the projects.

One key project is the ADB-funded Solar Hybrid project at Kirakira, Tulagi, Malu'u, Munda and Lata. This is to convert the five existing Diesel system based outstations into hybrid generation systems. It was delayed when the Contractor left the country, nonetheless, SP progressed this project. The Contractor has completed the installation of the solar panels, inverters, battery storage systems and associated switchgear at Malu'u, Munda, Kirakira and Tulagi. The installation of the associated battery storage system in Noro has been completed. We have partially commissioned the Hybrid at Munda in 2022 and at Malu'u in first half of 2023. Tulagi and Kirakira hybrid achieved full commissioned in the second half of 2023. The Lata site is expected to achieve full commissioning in 2024.

Another Solar Hybrid project delayed by Covid-19 is the New Zealand MFAT and SP funded hybrid power station for Hauhui (Malaita Province), Namugha (Makira Province), Sasamunga (Choiseul Province) and Vonunu (Western Province). The New Zealand Government is providing grant funds of NZ\$7.15million for these four hybrid locations and also for increasing access to electricity to potential customers. These has now progressed in procurement of major plants. These hybrids will be commissioned in 2024.

The Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) with funding totalling USD19.95m (Grant USD14.40m and Loan USD5.55m) from various donors for mini-hybrid plants, grid connect solar, improving access to electricity and technical assistance was approved by the World Bank in 2018. Under this project we will increase the renewable energy capacity at existing Henderson Fighter 1 by an additional 2 MW, install 220kW solar plant on the roof of our Head Office Building and commission 5 hybrid stations in the Provinces. In relation to this project the following are the updates:

- The contract for the 2 MW solar farm at Henderson was signed in 2021 and detailed designed was completed by end of September 2023.
- The 220kW solar plant; the detailed design was completed at end of September 2023
- The proposed hybrids at Baolo, Bina, Dala, Tingoa and Visale; Contract was awarded March 2023.

We have secured additional land in first half of 2022 at Henderson Fighter 1 area (500 metres from existing Solar farm facility) suitable for a 1MW solar farm. We have submitted our plans to donors for potential funding.

The proposed project for an additional 1MW at Tanagai was retendered in first half of 2022. For the land acquired at Ambu, Auki, we have submitted our plans to donors for potential funding. procurement

The survey and sub-division work related to the land at Afio in Malaita Province is complete and we are in the final stages of land registration. This is for a hybrid generating system made up of up to 150 kW of solar. This was deferred to 2026.



The 150 kW mini-hydro generation plant in Buala is currently under maintenance. When in operation it will displace on an average 2500 litres of diesel every month.

### 2.2.1 Tina River Hydropower Project

SP is a stakeholder participating in one of the nation's most significant infrastructure development project, the Tina River Hydropower Development Project (TRHDP). Our roles and responsibilities span across four different components: the Hydropower Facility, Access Roads, Transmission Lines, and Technical Assistance. In 2018, following the signing of the Power Purchase Agreement between Tina Hydropower Limited (THL) and SP, along with the relevant financing and legal agreements, the 15MW hydropower facility was originally projected to become operational in 2024. However, due to unforeseen challenges, such as the COVID-19 pandemic and delays in obtaining approval from Concessional Financing Parties (CFPs) for the Construction Environment and Social Management Plans (CESMPs), the project has been delayed by more than two years.

It was only in May 2023 that THL finally secured approval for the CESMPs, enabling THL and its contractors to commence construction of the main works, which include the Hydropower Facility. Additionally, as THL has raised claims related to cost and time extensions since early 2019, SP is actively engaged in resolving these matters to ensure the project gets back on track. We anticipate that a potential claim settlement will be reached either by the end of 2023 or within the first quarter of 2024.

Solomon Power's commitment to Component 3 - Transmission Lines within the TRHDP is a work in progress. This commitment began following the signing of funding agreements on June 16, 2021, involving the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and Export Finance Australia (EFA). The total project budget amounts to USD 27.4 million, encompassing loans, grants, contingencies, and contributions from both the Solomon Islands Government (SIG) and Solomon Power (SP). This component has experienced delays, largely due to its interdependence with the hydropower facility. Up to this point, SP has been diligently working on preparing procurement documentation for infrastructure works and fulfilling its role as the Owners Engineer with the support of consultants. SP's internal Project Management Unit (PMU) is actively working towards completing all procurement for infrastructure and the Owners Engineer role by the first quarter of 2024.

In addition to these efforts, the PMU maintains ongoing collaboration with various project stakeholders, as well as reporting and initiation activities.

In the context of the Tina River Hydropower Development Project's Community Benefit Sharing Project, Phase 1 has been successfully completed. This phase focused on rural electrification and involved the construction of both high and low voltage infrastructure covering a 12km stretch from Blackpost to Tina communities. It also connected 141 customers, including households, schools, and churches. Phase 2 is currently in the planning and negotiation stage and is expected to be implemented in 2024. Similar to Phase 1, it will encompass rural electrification but with variations in project specifics, such as budget, location, and timeframe.



## **2.2.2 Solomon Power Energy Efficiency Initiative (SPEEI)- MOU with Pacific Clean Energy Partners**

Solomon Power entered into a Memorandum of Understanding (MOU) with Pacific Clean Energy Partners. Under this MOU, PCEP has reviewed some SP Customer's Usages to determine potential customers to be included in an energy service company (ESCO) program to accelerate renewable energy, energy efficiency and energy storage installations in Solomon Islands. The review has been completed and it was determined that this option was not viable.

Therefore, PCEP has made another proposal for an option to undertake a 2MW ground mounted Solar PV System together with 2.9MW solar rooftop of potential Solomon Power customers. The discussions are still ongoing.

## **2.2.3 Pacific Environmental Solutions.**

There have been ongoing discussions with Pacific Environmental Solutions regarding a Waste to Energy Project that they intend to implement in Honiara as an Independent Power Producer. They intend to sell it to Solomon Power at USD0.30 per kilowatt, which will not result in a reduction in tariff for Solomon Islanders therefore cannot be accepted by Solomon Power.

## **2.3 Employee Relations and Welfare; Workforce management and skills development**

Solomon Power has a growing, motivated and committed workforce. Permanent staff numbers remain at 315 since January to August 2023. This is because the recruitments done were mainly replacements of existing roles that became vacant. There were restrictions to filling of new roles as part of managing employment costs. Around 21% of the workforce and executives are female.

As a large and modern SOE, an effective workforce management system is utilized to bring the best out of the staff and implement SP's core mandates. Workforce initiatives include an effective recruitment, induction and exit program that guides new recruits to settle into their respective positions, while at the same time, attend a 3-days induction session that enables them to have a basic understanding of the other areas of the business. On the conclusion of their employment, staff are also taken through an exit process.

In the year to October 2023, 21 permanent staff<sup>1</sup> were recruited and 3 employees exited the organization. This is a 0.9 % attrition rate which is lower than the annual turn-over target of 2%. The Board approved the appointment of the new Chief Executive Officer. The Board also approved the filling of executive positions of Chief Engineer, General Manager Capital Works and General Manager Special Projects. The three executive positions were filled by internal candidates which is an indication that succession plan for these roles were successfully implemented.

SP's performance management systems links departmental KRAs and KPIs into each officer's KPI for the year. This ensures staff are accountable for organizational, divisional and individual goals, and are also rewarded with appropriate bonuses where the goals are achieved. Moreover, as part of

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<sup>1</sup> All of them replacements of existing roles that became vacant

continuous review and improvement of policies, the SP board approved new and revised temporary fixed term contracted employees, speeding and vehicle disposal policies.

The Authority’s training and development programs are aimed at developing technically competent staff, while at the same time ensure staff have a well-rounded understanding of the business and its other obligations.

The three internally managed training programs<sup>2</sup> continued as normal. The Trade Apprenticeship and Line Mechanic Programs shall complete at the end of year 2023<sup>3</sup>. Of the seven (7) Apprentices, two have already graduated from their studies and the other five (5) have completed their programs and will formally graduate in 2024. Furthermore, six Apprentices had completed the Electric Power Linemechanics Trainings are now certified Linemechanics. Similarly, all the five (5) Linemechanics had completed the Electric Power Linemechanics Trainings are now certified Linemechanics. Student Attachment Program was reinstated back in 2023. A total of seven (7) students have been on 6 months’ attachment.

The company also organized short courses either internally or through the support of stakeholder organizations for its staff. This include among others, Grid Connected PV systems design and install, Grid Connected Battery systems design and install, Certified Project Management, excel training (basic and intermediate) and Introduction to English Grammar.

As a dynamic organization, SP provides investment in its staff with long term training opportunities (full-time & part-time). Two officers started their long term studies in the beginning of 2023, doing Bachelor’s Degree Courses at SINU and USP. Two officers continued with their long-term-part-time studies at USP and SINU undertaking a certificate course and a Degree course. Five senior officers started their Masters of Business Administration (MBA) studies in 2023. One at SINU and the other four at USP. Two officers also continued towards with part-time-online studies towards Graduate Certificate in Internal Auditing. The course is offered by Institute of Internal Auditors - Australia (IIA).



**Figure 3: Linemechanics Training**

<sup>2</sup> They are Apprentices, Linemechanics & Student Attachments

<sup>3</sup> Both programs were extended to 23<sup>rd</sup> December 2023 due to disruption caused by COVID 19

## 2.4 Customer Loyalty; Increase customer base

Ultimately, SP is striving and will work hard to reach the target of 23% of Solomon Islanders and 80% of Honiara residents having access to electricity by 2025. To assist with this, in 2023 SP continued with its network extension plans. Supported with the OBA program, (which enabled low income households to connect to the grid) more customers were connected to the grid.

Total number of active and billable customers for all locations for both kW and Cash power by 30<sup>th</sup> October was 26,651; with a total of 2,169 (9%) on kW and 24,482 (92%) on Cash power. This was a growth of 5% compared to December 2022. A total of 1057 customers were energised by September this year.

Growth in customers were across both in Honiara and in the provinces, particularly through the Output-Based-Aid (OBA) program as well as Tina River Community Sharing Project Customers. Honiara customer numbers grew 3% to 20,408 and accounted for 77% of SP's total customer base. With the conclusion of the OBA program, SP is actively looking for donors to support this program and is also exploring the option to setup a similar SP funded program.

In May started reporting on New Connections Applications Waiting time. This has enabled us keep track of customer applications and ensured that they are addressed in a timely manner. As at end of the September there were more than 1000 customer applications awaiting connections.

### 2.4.1 Network Extensions

Solomon Power is actively expanding its 11kV and 415V line network to provide electricity to the public. From 2015 to 2023, there's a total of approved 61 extensions, and so far, 57 have been energized, with 37 in Honiara and 20 in provincial areas. Despite those progress, SP also faces challenges in resolving grievances for three other approved projects, causing a temporary delay. The remaining four approved projects are rescheduled for implementation in the first half of 2024. Additionally, new network extensions planned for 2023 are being finalized and will undergo decision-making and approval for future implementation.

In 2023, Ten (10) Network Extension Projects were energised. They were: Alligator (High Voltage/Low Voltage – HV/LV), Tasahe (LV), Tavaghalo (LV), Tinge-Hatanga (LV), Titige (LV/HV), New Zealand camp (HV/LV), Tatarabebe/Babaleuka (LV), Tulagi (LV), Malu'u (LV), and Kirakira (LV).



Figure 4: Network Extension at New Zealand Camp, Honiara

## 2.4.2 Output Based Aid

The Global Partnership on Output Based Aid Programme (GPOBA) subsidizes connections and house wiring for low-income customers in Solomon Islands. Component 1, funded by the World Bank, connected 2,488 customers from 2016 to March 2020. Component 2, under the Solomon Islands Electricity Access and Renewable Energy Expansion Project, has \$2.5 million for connecting 2,500 more low-income customers. By September 2023, 2,763 customers were already connected. However, there is a budget challenge as the funds for 2,500 customers are fully allocated.

SP is also progressing internally a report aiming at finding viable options to self-finance household connections. In doing so, it will also be looking into options to dialogue with responsible stakeholders most especially SIG. These discussions will enable SP to finalize a proposal to self-finance house wiring connections coming in 2024.

## 2.5 Operational Excellence; reducing technical losses

The total losses (both Technical & Non-Technical Losses) YTD as at 30<sup>th</sup> September 2023 stands at 18%. A study done by SKM in 2012 estimated the Technical losses to be 11%. Therefore, Non-Technical Losses as at 30<sup>th</sup> September is 7%.

Efforts to reduce Technical losses included continued assessment of load and condition of Distribution & Power Transformers to ensure they are appropriately loaded and in good operating condition. The team progressed replacement/upgrade of Ring Main Units across the networks replacing aged/obsolete ring main units. Upgrading of low voltage conductors have also progressed. These actions will ensure our technical loss remains minimal.

With regards to non-technical losses, all meters are tested prior to installations in customers' properties. We have also commenced our meter inspections program which included checks for illegal bypasses house by house for some areas (including Gizo, Munda & Noro), and meters with zero payments or no meter readings. We have also included cash powers with huge reductions in their payments. For illegal bypasses customers an average bill is computed and customers are placed on a payments arrangement plan.

## 2.6 Other Highlights

### 2.6.1 New Office Complexes

SP strives to promote nation building, provincial development and providing a better experience for all of its customers and its Staff. The Lata Office was finally completed in June and soft launch was undertaken in August. This is to enable officers to start using the new office due to the deteriorating condition of the old office. The proper formal office opening will be arranged later during the year.

SP has purchased land in Auki for Auki Office in January 2023.



Figure 5: Lata Old (Left) & New Office (Right)

## 2.6.2 Information, Communications and Technology

Solomon Power relies on Information and Communications Technology (ICT) to support its day-to-day activities and business continuity preparedness.

Information and Communications Technology Division continued to support and improve the full suite of business applications, the communication networks to offices and power house sites in Honiara, the communication links to all the 11 Outstations in the Provinces, managing all the IT equipment, managing 160 Terabytes of storage space for corporate information and managing 24 production and 21 disaster recovery servers across three (2 on-shore and 1 off-shore) Data Centre environments for the organisation.

The further implementation of the automated timesheet approvals in the Microix System across SP offices in the provinces has progressed. Aside from Honiara office sites, the Time clocks are now successfully installed at eleven (11) of the connected provincial outstations.

The ICT Division has been actively supporting Customer Services Division in managing the third party cash power vendors. Discussions and contract formulation with Telekom's M-Selen and BMobiles e-Wallet Applications have commenced and expected to come online in the near future. Once these are passed that will bring the total number of SP Cash Power vendors to eight.

In early 2023, SP was informed by the application vendor (A D Riley & CO Ltd), of the requirements to progress the planned upgrade of the Suprima (Cash Power) system. This upgrade requires both hardware and application works to be conducted on site, in preparation for Suprima's Token Identifier (TID) Rollover. These upgrades need to be effected by November 2024 to allow Suprima to continue to vend Cashpower tokens. SP has already effected these changes in September 2023 and is looking to successfully complete the testing of these upgrades prior to the due-date.

Further significant improvement to SP ICT Data Backup, Disaster Recovery (DR) and Business Continuity Plan (BCP) processes have progressed in 2023, with more visibility on our systems so that we can pro-actively address potential incidents. The ICT Team has and will continue to advocate for Cyber Security Awareness and Training for SP Staff.

Our Digital Innovation Services is another area that ICT is working more on developing. Digital Services plays a crucial role in driving digital innovation, improving internal collaboration and communication, and enhancing customer experiences through the implementation of various digital solutions and projects. ICT developed and launched the SP SharePoint Intranet page in August 2023. ICT is now looking to revamp the current SP Website, to give it a new look and upgrade features.



ICT has also been instrumental and will continue to effectively contribute to delivering key strategic projects for SP in 2024. These are the Datacentre, Control Centre, Call Centre, Fibre Optic Commercialisation and the Asset Management Projects.

#### **2.6.4 Legal Division**

A key result area for the Legal Division is business continuity and risk, with the specific objective being to minimize the adverse impact from risks inherent in the business of Solomon Power through effective legal, compliance, and contracts management. To achieve this, the key objectives and activities to be undertaken to achieve these objectives in 2024 are:

##### ***1. Strengthening Expertise for Complex Ventures***

In 2024, Legal Division aims to equip itself with specialized expertise to navigate intricate contractual and regulatory landscapes. As Solomon Power engages in complex multi-party ventures such as private-public partnerships, power purchase agreements, and EPC contracts, Legal Division's legal personnel will enhance their proficiency in contract management, negotiation, and dispute resolution through specialized training programs.

This investment will translate into increased revenue, as Legal Division assists Solomon Power to secure more favourable outcomes. It will also reduce losses by minimizing the likelihood of costly legal disputes. Moreover, it will mitigate liability and protect Solomon Power's reputation for professionalism. Ultimately, this expertise will lead to improved productivity.

##### ***2. Effective Dispute Resolution***

In 2023, Legal Division supported by external counsel successfully resolved arbitration proceedings, paving the way for the commissioning of solar-hybrid plants. Additionally, it initiated court proceedings against customers and recovered unpaid arrears. In 2024, the Division will build on these successes to achieve similar favourable outcomes in legal disputes.

This objective directly impacts Solomon Power's revenue by ensuring revenue-generating projects proceed without unnecessary delays. It reduces losses by preventing prolonged legal disputes and associated costs. It also mitigates liability and protects Solomon Power's reputation for fairness and ethical business practices. Moreover, it improves productivity by freeing up resources for more productive activities.

##### ***3. Proactive Risk Management***

Legal Division will adopt a proactive and collaborative approach by engaging closely with other key internal and external stakeholders to identify and mitigate risks in contracts and projects, particularly those reliant on overseas contractors and suppliers susceptible to global supply chain issues. This concerted effort aims to prevent project delays, reduce costs, and minimize disputes.

Achieving this objective will increase revenue by preventing project delays and cost overruns. It will reduce losses through early risk identification and mitigation. Moreover, it will mitigate liability by ensuring vigilant contractor selection and monitoring. This proactive risk management approach will

protect Solomon Power's reputation for reliability and improve overall productivity by reducing project disruptions and enhancing risk management.

#### **4. Reducing Non-Technical Losses**

Legal Division will collaboratively engage with key internal and external stakeholders, explore the adoption of technological solutions, and leverage industry best practices to actively monitor and enhance systems related to the prevention and detection of non-technical losses caused by illegal or unauthorized use of electricity by consumers. This comprehensive approach aims to minimize revenue leakage effectively.

Achieving this objective directly increases revenue by minimizing revenue leakage from non-technical losses. It reduces losses by preventing and recovering losses from unauthorized electricity use. Moreover, it mitigates liability by demonstrating due diligence in addressing non-technical losses. This proactive approach protects Solomon Power's reputation for fair practices and enhances efficiency by improving loss prevention efforts.

#### **5. Strengthening Staff Compliance**

Legal Division will collaborate with internal stakeholders to review and strengthen policies related to staff conduct, including disciplinary rules and procedures, whistleblowing, and conflict of interest policies.

This objective increases revenue by maintaining a compliant workforce less likely to jeopardize revenue streams. It reduces losses by ensuring staff compliance, minimizing the risk of regulatory fines or legal disputes. Moreover, it mitigates liability by minimizing risks associated with staff misconduct. Strengthening staff compliance enhances Solomon Power's reputation for ethical business practices and contributes to a more efficient work environment, ultimately improving productivity.

#### **2.6.4 Stakeholder Engagement - Community Support**

As a valued and committed stakeholder in Solomon Islands society, Solomon Power continued to be actively engaged in community activities and events.

In 2023, as part of its Corporate Social Responsibilities (CSR) Solomon Power among others supported the community with the following

- Support for the Pacific Games
  - Participated in the launching of Safe & Green Games on 3<sup>rd</sup> March
  - Staff participated with other organisations in the clean of Honiara City on 4<sup>th</sup> of March & fortnightly clean up
  - Accounts Receivable Officer Corporate Clientele was seconded to the Games Organising Committee from July & will continue till December.
  - Prioritise & support all new connections for the Sporting Facilities & Venues as well as asset relocations etc.
  - Establish a dedicated 24/7 team to assist during the games.
- Technical Assistance – Solar
  - Helena Goldie Hospital support to their repair of their Solar System.
- Street Lights along the main streets of Honiara & Other Provincial Headquarters.
  - It is estimated to be a loss of revenue of more than \$1m per annum.
- Support to Organisations/Provinces/Teams etc.



- In-kind to the i) SDA Mission ii) Solomon Islands Blind Association, iii) Isabel Province team to the Solomon Games iv) Solomon Islands National Under 15 Team v) Solomon Islands Taekwondo Federation. Vi) Kwaibala Rugby Club
- Corporate Dinner Sponsorship to i) Central Province Team to Solomon Games, ii) King George VI Class of 83 Alumni iii) Solomon Islands Society of Red Cross
- Events i) Peace Marathon which took place on 23<sup>rd</sup> September 2023 ii) Grereo Festival which occurred 2<sup>nd</sup> – 5<sup>th</sup> August 2023. iii) Guadalcanal Province Second Appointed day and Cultural show.



Figure 6: FIFA President Visit – lumi Play U14 Competition

### 2.6.5 Financial Situation

SP has achieved good financial results and importantly exceptional accountability standards with unqualified audits of its Financial Statements for the last eleven (11) financial years from 2012 to 2022.

Sales (kWh) in the first nine months of 2023 fell, compared to the same period in 2022 by 28.7%. In comparison with the similar period in 2021, the sales results in 2022 were also lower by 2.2%. The larger decrease in 2023 was due to the outages experienced in Honiara as a result of SP's insufficient generation capacity to meet customer's demand. Honiara's generation capacity is expected to increase to 17MW in the remaining months of the year.

Overall tariff charges increased due to continuous hike in the fuel prices but the reduction units sold had a major impact on the sales (in dollar) to fall against budget. Net Profit After Tax to circa \$52million compared to the budgeted NPAT of \$67million for 2023.

SP's budgeting process for FY2024 took into account a forecast growth in sales of 1.5%, budgeted return on investment of 0% and Net Profit of \$80 thousand. Profit is expected to significantly drop compared to 2023. Solomon Power's Management decided to forecast profit at break-even point and this is computed by reducing the calculated tariff charge of \$7.17 by \$0.77. Any further decrease beyond \$0.77 will result in a loss for Solomon Power. Yet on the demand side, there is anticipated growth in customer demand and connections, the extending of networks in Honiara and at the Outstations, and reduction of losses.

SP has had significant investment into the network and also sustainably operate as a business and will continue to do so in the foreseeable future. SP has already embarked on a plan to invest \$1.3 billion capital funds over the period 2024-2029.

With a balance of \$287.4m in 2022, cash is expected to fall by 19.5% to \$231.4m in 2023. Impacts of CAPEX spending, payment of bonds and reduction in operational cash leads to such drop in cash. 2024 estimates will see further drop in the cash balance. The decrease translates from the 2023 drop and the continuous spending on CAPEX as Solomon Power targets to complete current solar projects, new generator projects and upgrades of electrical and transmission systems.”

### **2.6.6 Business Development**

Business Development Unit has been recently established within the Special Projects and Planning Division. The unit's primary purpose is to identify growth opportunities, expand market presence, and cultivate relationships with partners and clients. It encompasses various activities like market research, networking, partnerships, mergers, innovation, and negotiation, all aimed at driving sustainable growth and enhancing the company's competitiveness.

In Q1 2023, the Board approved a Business Development Strategy that outlines revenue generation for the organization, including a focus on the commercialization potential of fibre optics. Additionally, this unit is responsible to initiate business continuity, a crucial aspect for a utility company, by devising a comprehensive strategy to maintain essential operations and minimize the impact of unexpected disruptions, ensuring the company's long-term survival.

### 3 SP'S OBJECTIVES<sup>4</sup>

SP's principal objective as set out under Section 4 of the SOE Act is:

*"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...; and*
- 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."*

To achieve these objectives SP has developed, and annually reviews, its Vision, Mission, Values, Strategic Objectives and Key Result Areas. This is articulated in SP's Statement of Corporate Objectives and is summarised as follows.

#### 3.1 SP's Vision

***Energising Our Nation***

#### 3.2 SP's Mission

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

#### 3.3 SP's Values

- 1. Respect for our Customers and our People*
- 2. Improvement through Change & Innovation*
- 3. Meeting our Service Quality Commitments*
- 4. Care for the Environment*
- 5. Individual Responsibility for our Actions*
- 6. Honesty and Trust*
- 7. Teamwork*

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<sup>4</sup> State Owned Enterprises Act, Section 13 (2) (a)

### 3.4 SP's Strategic Themes and Initiatives

Strategic Themes	Initiatives
An Effective Business Model	Our customers will trust and value our services because we listen to them
	We will invest in our committed and valued employees
Financial Sustainability	We will grow our business to a stronger and financially sustainable business
Robust and expanded Infrastructure	We will diversify our large and reliable asset base into renewable energy solutions
	We will use scale and national presence to add value to the nation
	We will use sound risk management principles to manage the challenges
Engaged Stakeholders	Our Operational Excellent Business Model will support strong performance, delivery and returns to our stakeholders
Committed to Environmental and Social safeguards	We will be a socially and environmentally responsible organisation

### 3.5 Strategic Plan and Key Result Areas

Budgetary emphasis should be placed on the strategic plan and on the Key Result Areas (KRAs). There are a number of things in this strategic plan and Key Results Areas that need detailed project plans to be developed that may change the cost allocations within the overall budget. Most have been accounted for within the capital or operational budgets. Key drivers of this budget are the following KRAs.

- KRA 1 - Assets and Energy; Maintain reliable power supply
- KRA 3 - Assets and Energy; Diversify assets into more renewable generation solutions
- KRA 2 - Employee Relations and Welfare; workforce management and skills development
- KRA 10 - Customer Loyalty; Increase customer base
- KRA 14 - Operational Excellence; reducing technical losses
- KRA 8 - Financial Sustainability; Effectively manage financial resources



Figure 7- The Strategic Plan aka "Plan on a Page"

To move towards these objectives, SP has developed the following Key Result Areas for 2024.

Key Result Area	Strategic Initiatives	Annual Objectives	Accountable Executive
1. Assets and Energy; Maintain reliable power supply	Our customers will trust and value our services because we listen to them	Ensure smooth operation and reliability of generation and transmission systems.	CE
2. Assets and Energy; effectively develop plans and implement special projects	We will diversify our large and reliable asset base into renewable energy solutions	Effectively develop plans and implement special projects	GM SPP
3. Assets and Energy; Diversify assets into more renewable	We will diversify our large and reliable asset base into renewable energy solutions	Implement renewable energy projects	GM CW

generation solutions			
4. Assets and Energy; extend distribution network	We will use scale and national presence to add value to the nation	Extend distribution and transmission network.	GM CW & CE
5. Assets and Energy; modernize and implement regulatory functions	We will use scale and national presence to add value to the nation	Modernize and effectively carry out regulatory functions	CE
6. Assets and Energy; develop cost-effective land, building & other operational assets	We will use scale and national presence to add value to the nation	Efficiently manage and develop corporate assets (land, building, fleet) to support operations	GM Corp Svc
7. Employee Relations and Welfare; workforce management and skills development	We will invest in our committed and valued employees	Effectively manage employee performance, skills development and welfare	GM Corp Svc
8. Financial Sustainability; Effectively manage financial resources	We will grow our business to a stronger and financially sustainable business	Effectively manage financial resources	CFO
9. Financial Sustainability; new income streams	We will grow our business to a stronger and financially sustainable business	Study and appropriately implement potential new business opportunities	GM SPP & CICTO
10. Customer Loyalty; Increase customer base	Our customers will trust and value our services because we listen to them	Increase total customers and sales volumes through effective customer management	GM Cust Svc & CE

11. Customer Loyalty; reduce waiting times for customer connections	Our customers will trust and value our services because we listen to them	Efficiently and prudently reduce backlog of customer connections.	GM Cust Svc & CE
12. Customer Loyalty; develop capital recovery options for customers	Our customers will trust and value our services because we listen to them	Develop capital recovery options for customers in sparsely connected areas	GM Cust Svc
13. Stakeholder Management; sponsorships & messaging	Our Operational Excellent Business Model will support strong performance, delivery and returns to our stakeholders	Support community activities, maximize its messaging and promote SP.	CEO, GM Cust Svc & GM Corp Svc
14. Operational Excellence; reducing technical losses	Our Operational Excellent Business Model will support strong performance, delivery and returns to our stakeholders	Reduce technical and non-technical losses	CE & GM Cust Svc
15. Operational Excellence; effective ICT Systems	Our Operational Excellent Business Model will support strong performance, delivery and returns to our stakeholders	Ensure ICT systems are effectively used to support operations	CICTO
16. Social and Environmental Safeguards	We will be a socially and environmentally responsible organisation	Ensure compliance with social and environmental safeguards	GM Corp Svc & GM CW
17. Business Continuity & Risk; Robust risk based auditing	We will use sound risk management principles to manage the challenges	Effectively utilize risk based auditing	MIA
18. Business Continuity & Risk; Effective legal, compliance and contracts management	We will use sound risk management principles to manage the challenges	Ensure compliance and minimize risks associated with legal and contractual matters.	LC
19. Business Continuity & Risk; ICT BCP	We will use sound risk management principles to manage the challenges	Ensure ICT solutions are used to support BCP	CICTO

CE – Chief Engineer

CFO - Chief Financial Officer

GMCW –General Manager Capital Works



LC - Legal Counsel

GM SPP - General Manager Special  
Projects & Planning

GM Cust Svc - General Manager Customer  
Service

MIA – Manager  
Internal Audit

CICTO – Chief Information,  
Communication & Technology Officer

GM Corp Svc - General Manager Corporate  
Service

## 4. PLANS TO ADDRESS SP's STRATEGIES

### 4.1 Capital Expenditure Programme – 2024 to 2026

SP's priority for the three-year period (2024 – 2026) is to diversify its large and reliable asset base into more renewable energy. This shall be done through the following projects areas:

- Tina Hydro 66kV transmission lines and associated systems upgrades that will be ready before the Tina Hydro Power Plant is commissioned.
- Solar Hybrid Projects
  - Complete and commission the ADB, MFAT, WB funded hybrids, and progress design, procurement and construction of new Hybrid stations in the provinces.
- Grid connected solar projects to enhance Honiara's renewable generation mix.
- SCADA Master Station, fibre and protection upgrade
- New generator as backup for renewable generation systems in Honiara
- Network extensions in Honiara and the outstations
- Substation upgrades
- Corporate projects including offices and residences
  - Warehouses, Auki Office and other operational buildings

A full list of Capital Expenditure Projects is shown in **Appendix C**.

### 4.2 Funding the Capital Expenditure Programs

The CAPEX Program of \$1.32B (2024-2029) has been balanced with the available sources of funding and the Board's parameters on minimum Working Capital. There is funding through the SIEAREEP project with World Bank, ADB funding for Solar Hybrids at five existing outstations, funding from MFAT, NZ Government for Solar Hybrids and funding from AIFFP for Tina River project. The funds from World Bank, ADB and MFAT, NZ, AIFFP and surplus cash generated from operational functions, defines the CAPEX envelope for SP.

The proposed mix of funding is as follows:

## Statement of Cash Flows

2022 Actual, 2023 Forecast, 2024 Budget, 2025 -2029 Forecast



	AUDITED 2022 SBD	FORECAST 2023 SBD	BUDGET 2024 SBD	FORECAST 2025 SBD	FORECAST 2026 SBD	FORECAST 2027 SBD	FORECAST 2028 SBD	FORECAST 2029 SBD
<b>Operating activities</b>								
Cash received from customers	577,167,299	558,433,989	528,694,423	492,202,623	461,530,570	425,744,456	404,932,860	405,701,665
Cash paid to suppliers and employees	(405,228,401)	(407,459,550)	(419,363,014)	(399,494,655)	(369,334,679)	(338,705,467)	(321,440,292)	(321,033,181)
<b>Net cash provided by operating activities</b>	<b>171,938,898</b>	<b>150,974,439</b>	<b>109,331,409</b>	<b>92,707,968</b>	<b>92,195,891</b>	<b>87,038,989</b>	<b>83,492,568</b>	<b>84,668,484</b>
<b>Investing Activities</b>								
Net payments for property, plant and equipment	(161,867,819)	(226,315,628)	(250,931,596)	(265,646,468)	(367,123,110)	(233,286,420)	(116,671,025)	(81,412,072)
Domestic Development Bonds - SIG	(25,714,286)	(2,857,143)	40,000,000	20,000,000	10,000,000	10,000,000	10,000,000	5,714,286
Self-insurance Fund net payments			(50,000,000)					
<b>Net cash used in investing activity</b>	<b>(187,582,105)</b>	<b>(229,172,771)</b>	<b>(260,931,596)</b>	<b>(245,646,468)</b>	<b>(357,123,110)</b>	<b>(223,286,420)</b>	<b>(106,671,025)</b>	<b>(75,697,786)</b>
<b>Financing activities</b>								
<b>LOANS RECEIVED</b>								
- IDA CREDIT	-	-	8,300,000	37,765,000	-	-	-	-
- AIFFP	-	-	4,920,000	19,244,000	19,244,000	30,000,000	9,590,000	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>13,220,000</b>	<b>57,009,000</b>	<b>19,244,000</b>	<b>30,000,000.00</b>	<b>9,590,000.00</b>	<b>-</b>
<b>Principal Repaid</b>								
- IDA CREDIT	(2,802,313)	(2,802,313)	(2,802,313)	(2,802,313)	(5,361,480)	(5,361,480)	(5,361,480)	(3,960,323)
- AIFFP	-	-	-	(2,118,130)	(4,149,900)	(4,149,900)	(4,149,900)	(4,149,900)
<b>TOTAL</b>	<b>(2,802,313)</b>	<b>(2,802,313)</b>	<b>(2,802,313)</b>	<b>(4,920,443)</b>	<b>(9,511,380)</b>	<b>(9,511,380)</b>	<b>(9,511,380)</b>	<b>(8,110,223)</b>
<b>Interest Repaid</b>								
- IDA CREDIT	(810,444)	(700,502)	(700,613)	(476,316)	(2,183,005)	(1,966,089)	(1,756,731)	(1,537,785)
- AIFFP	-	-	(11,040)	(56,687)	(522,958)	(908,828)	(859,029)	(809,231)
<b>TOTAL</b>	<b>(810,444)</b>	<b>(700,502)</b>	<b>(711,653)</b>	<b>(533,003)</b>	<b>(2,705,963)</b>	<b>(2,874,917)</b>	<b>(2,615,760)</b>	<b>(2,347,015)</b>
Interest on bond	3,446,429	3,832,143	3,797,321	2,472,321	1,803,571	1,303,571	803,571	357,143
<b>TOTAL</b>	<b>3,446,429</b>	<b>3,832,143</b>	<b>3,797,321</b>	<b>2,472,321</b>	<b>1,803,571</b>	<b>1,303,571</b>	<b>803,571</b>	<b>357,143</b>
<b>Grants Received</b>								
- IDA Grants - (USD2m)								
- IDA/SREP/SID-DOCK		12,985,828	38,533,378	60,636,386				
- NZ Aid Grant		10,000,000	12,761,002					
- Output Based Aid Program (OBA)	2,071,036	1,449,186						
- AIFFP	-	-	3,280,000	15,395,200	15,980,900	24,000,000	41,500,000	-
- Other								
<b>TOTAL</b>	<b>2,071,036</b>	<b>24,435,013</b>	<b>54,574,380</b>	<b>76,031,586</b>	<b>15,980,900</b>	<b>24,000,000</b>	<b>41,500,000</b>	<b>-</b>
Dividends	(4,000,000)	(2,632,340)	(4,002)	-	-	-	-	-
<b>Net cash provided by Financing activities</b>	<b>(2,095,293)</b>	<b>22,132,001</b>	<b>68,073,733</b>	<b>130,059,460</b>	<b>24,811,129</b>	<b>42,917,275</b>	<b>39,766,431</b>	<b>(10,100,096)</b>
<b>CASH BALANCES</b>								
<b>Net increase in cash and cash equivalents</b>	<b>(17,738,500)</b>	<b>(56,066,331)</b>	<b>(83,526,453)</b>	<b>(22,879,040)</b>	<b>(240,116,091)</b>	<b>(93,330,156)</b>	<b>16,587,974</b>	<b>(1,129,397)</b>
- Cash & Cash Equivalents - OPENING	305,161,913	287,423,413	231,357,082	147,830,628	124,951,589	(115,164,502)	(208,494,658)	(191,906,684)
<b>Cash &amp; Cash Equivalents - CLOSING</b>	<b>287,423,413</b>	<b>231,357,082</b>	<b>147,830,628</b>	<b>124,951,589</b>	<b>(115,164,502)</b>	<b>(208,494,658)</b>	<b>(191,906,684)</b>	<b>(193,036,081)</b>
Minimum Working Capital (3 months fuel)	65,542,959	56,489,514	61,397,252	51,157,372	43,692,304	26,575,712	3,813,487	4,007,787

### 4.3 Funding Sustainability

To fund the \$1.32B (2024-2029) CAPEX Programme, SP needs to draw upon all available financing resources. The Board has set a Debt to Equity limit of 30%. The proposed funding mix remains within those parameters into the medium term (2029).

INTEREST SUMMARY	2022	2023	2024	2025	2026	2027	2028	2029
- AIFFP Loan	-	-	11,040	56,687	522,958	908,828	859,029	809,231
- IDA CREDIT	810,444	700,502	700,613	476,316	2,183,005	1,966,089	1,756,731	1,537,785
<b>TOTAL</b>	<b>810,444</b>	<b>700,502</b>	<b>711,653</b>	<b>533,003</b>	<b>2,705,963</b>	<b>2,874,917</b>	<b>2,615,760</b>	<b>2,347,015</b>
<b>LOAN BALANCE</b>								
- IDA CREDIT	29,838,649	27,036,336	32,534,023	67,496,709	62,135,229	56,773,749	51,412,269	47,451,946
- AIFFP	-	-	4,920,000	22,045,870	37,139,970	62,990,070	68,430,170	64,280,270
<b>TOTAL</b>	<b>29,838,649</b>	<b>27,036,336</b>	<b>37,454,023</b>	<b>89,542,579</b>	<b>99,275,199</b>	<b>119,763,819</b>	<b>119,842,439</b>	<b>111,732,216</b>
Debt to Equity Ratio (%)	16.69%	18.55%	21.58%	25.46%	21.77%	23.85%	25.61%	22.27%
Return on Equity	5.15%	3.44%	0.01%	-0.35%	-0.65%	-1.11%	-1.62%	-2.58%
Self-Financing Ratio (at least 25%)	106%	67%	44%	35%	25%	37%	72%	104%

## 5 GOVERNANCE OVERVIEW

### 5.1 Introduction

This Statement of Corporate Objectives (SCO) is submitted by the Board of Directors of the Solomon Islands Electricity Authority (SP) in accordance with Section 13 of the State Owned Enterprises Act 2007 (SOE Act). It sets out the Board's overall intentions and objectives for SP for the year commencing 1 January 2024 and the following two financial years.

### 5.2 Business Scope

SP is the owner, manager, operator and/or licensor of electricity supply infrastructure in areas of operation throughout the Solomon Islands as directed by the Minister under Section 13(1) (b) of the Electricity Act 1969.

Its present areas of electricity supply operation include the towns and general surrounds of Honiara, Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro and Tulagi.

### 5.3 SP's Duties

Its duties (as per Section 13 of the Electricity Act) are:

- (a) to manage and work any electrical installations transferred to the Authority by the Government and such other installations and apparatus as may be acquired by the Authority;*
- (b) to establish, manage and work such electrical installations as the Minister may from time to time require or as the Authority may from time to time deem it expedient to establish;*
- (c) to secure the supply of electricity at reasonable prices;*
- (d) to promote and encourage the generation of electricity with a view to the economic development of Solomon Islands;*
- (e) to advise the Minister on all matters relating to the generation, transmission, distribution and use of electricity;*
- (f) to ensure standards of safety, efficiency and economy in respect of the production, transmission, distribution and use of electricity.*

### 5.4 The Role of Electricity Supply Systems

The supply of electricity systems is essential for the proper development of towns to meet modern living standards in the country, and to facilitate its economic development. Increasing the reliability of supply is a necessary pre-requisite to growth in industrial and commercial investments.

### 5.5 Nature and Scope of Commercial Activities<sup>2</sup>

SP's principal commercial activities are:

- a) Generation and distribution of electricity supply to connected customers in approved areas;
- b) Operation, maintenance and development of assets that are necessary to achieve these outcomes on a long term sustainable basis; and

- c) The approved expansion of services to increased areas of operation.

Any significant departure from these principal activities will be discussed initially with Shareholding Ministers, and then their approval sought through amended Statements of Corporate Objectives.

## 5.6 Corporate Social Responsibility

SP's prime corporate social responsibility is to provide reliable and safe electricity supply systems within its area of operations, while working in partnership with the community to plan, deliver and operate infrastructure in such a manner which seeks to mitigate the social and environmental impacts of SP's activities. This includes working closely with existing and new customers, landowners and agencies on current and future activities.

SP will work to develop performance targets and reporting frameworks to show how these responsibilities are embedded in SP's functions and actions.

## 5.7 Regulatory Framework

SP is governed directly under the SOE Act 2007, the Electricity Act 1969, the Electricity Regulations 1993 and the SOE Regulations 2010.

As regards securing regulated revenue, it is empowered, under Section 13 of the Electricity Act, to:

*...exercise and perform its functions under this Act as to secure that the total revenues of the Authority are sufficient to meet its total outgoings properly chargeable to revenue account, including depreciation, loan redemption and interest on capital, taking one year with another and making adequate allowance for any increase or decrease in the cost of replacing any property owned and used by the Authority.*

The Minister may, under Section 14 of the Electricity Act, give directions to the Authority:

*...in relation to matters that appear to him to affect the interests of Solomon Islands...*

There are no regulated service standards for SP's electricity delivery performance, other than those stated in Part II of Electricity Regulations regarding frequency and voltage variations, etc. SP has developed a set of standards and performance measures that are used for internal management purposes. In addition, a Customer Survey was carried out in 2022 which aligns with our plan to carry out such survey every two years to assess our performance in relation to our customers' expectations. With the results of 2022, any further improvements will small therefore it is not necessary to carry out another survey in 2024/2025.

As an SOE, SP is expected to also obey all other Acts and Regulations that may affect its work, unless otherwise directed by the Minister. Reviews have taken place to ensure compliance with all of the relevant Acts and Regulations.

## 5.8 Relationship to the National Development Plan

The Government has developed and published a National Development Plan (NDP). The following extracts from the NDP that relate to SP and SP's actions in relation to them are commented on as follows:

- **Focus Area Objective 5 – 1: Enabling Environment for Private Sector Led Growth:** SP is closely following the SOE legislation to ensure that it operates as a sustainable business; the objective of the SISEP Project. Furthermore, SP is encouraging private sector participation in the sector by developing Distributed Generation Regulations and by working with Independent Power Producers (IPPs) when needed.
  
- **Focus Area Objective 5 – 2: Enabling Environment for Private Sector Led Growth:** SP has already signed a Power Purchase Agreement with Tina Hydropower Limited for the Tina River Hydro Project. We are also well prepared for any privatisation plans that the Government may have in the future.
  
- **Focus Area Objective 6 – Energy Sector Planning and Management:** SP is undertaking more active publicity to bring to the attention of all sectors of the community the issues surrounding the energy sector. It will also support the Government with any policy issues, legislation and regulations. Recently SP has provided critical input to the Government’s National Energy Policy 2019. Furthermore, SP is assisting the Ministry of Mines, Energy and Rural Electrification for the development of the scope for the review of the Electricity Act and Regulations.
  
- **Focus Area Objective 6 – Electricity - 1:** the main focus of SP is to provide reliable and affordable energy in all urban centres. Renewable energy sources are being investigated; the involvement of Independent Power Producers (IPPs) is being encouraged; over 92% of SP’s customer base is now on pre-paid Cashpower meters; and the managerial and technical expertise of the organisation is being strengthened in preparation for Public Private Participation (PPP).
  
- **Focus Area Objective 6 – Electricity – 2:** SP is working closely with other agencies and Governments such as the World Bank, the Asian Development Bank, Japan International Cooperation Agency and the NZ Government to increase the supply and coverage to rural areas. There is a focus on hydro power, where possible, solar power, and encouragement of community and private participation.
  
- **Focus Area Objective 6 – Electricity – 3:** SP actively promotes energy conservation and is working with the Electrical Contractors’ Association to improve the standards of equipment being installed throughout the country.

## 5.9 Solomon Islands National Electrification Plan (2019)

Below is an extract from the Solomon Islands National Electrification Plan’s target areas & broad outcomes.

Table 0.1: SINEP 2019 target areas and broad outcomes

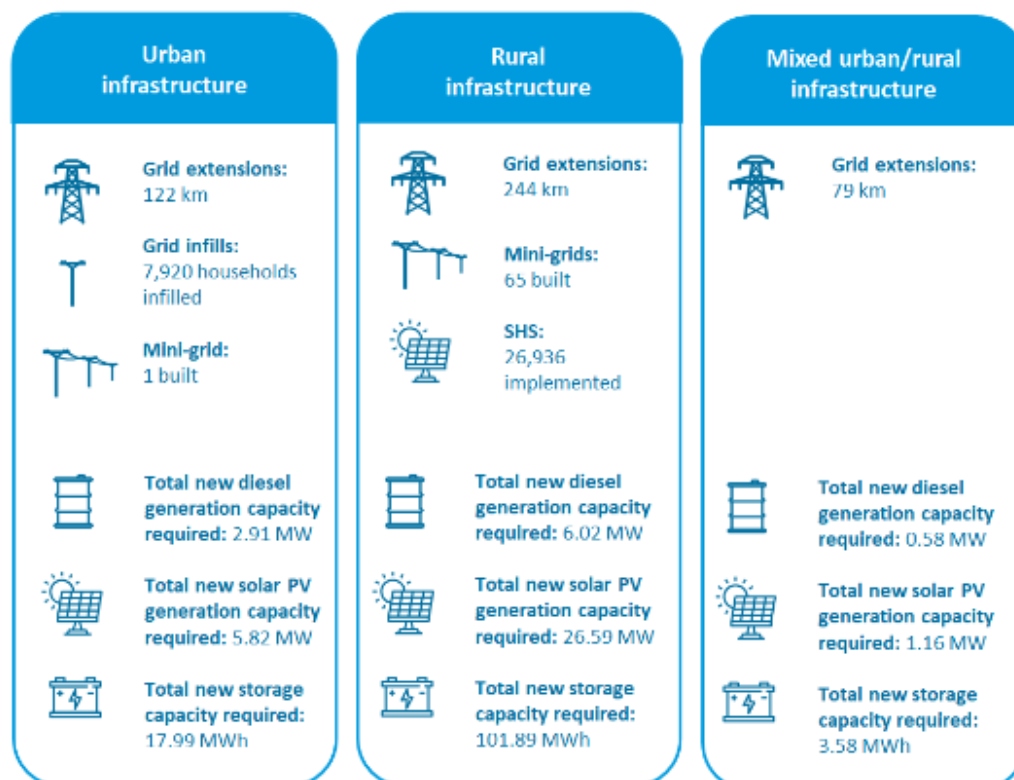
Thematic area	Broad outcome
Energy governance	Development of Energy Legislation
Electric power (urban)	Increase access to electricity in urban households to 80% by 2025
Electric power (rural)	Increase access to electricity in rural households to 40% by 2025 Increase access of safe, affordable, and reliable petroleum fuels to outer islands and remote rural locations
Renewable energy	Increase use of renewable energy sources for power generation in urban and rural areas to 50% by 2035
Petroleum and alternative liquid and gaseous fuels	Increase the development and penetration of gaseous fuels and alternative liquid fuels from indigenous raw materials
Energy efficiency and conservation	Improve energy efficiency and conservation in all sectors by 10% by 2030

Source: SINEP 2019

Note: Electrification targets are highlighted in blue

Summary of new infrastructure in National Electrification Plan. Solomon Power will work closely with MMERE on the implementation of the NEP

Figure 1.3: Summary of new infrastructure in NEP



Note: km figures are rounded to the nearest whole number<sup>4</sup>, MW and MWh figures are rounded to 2 decimal places

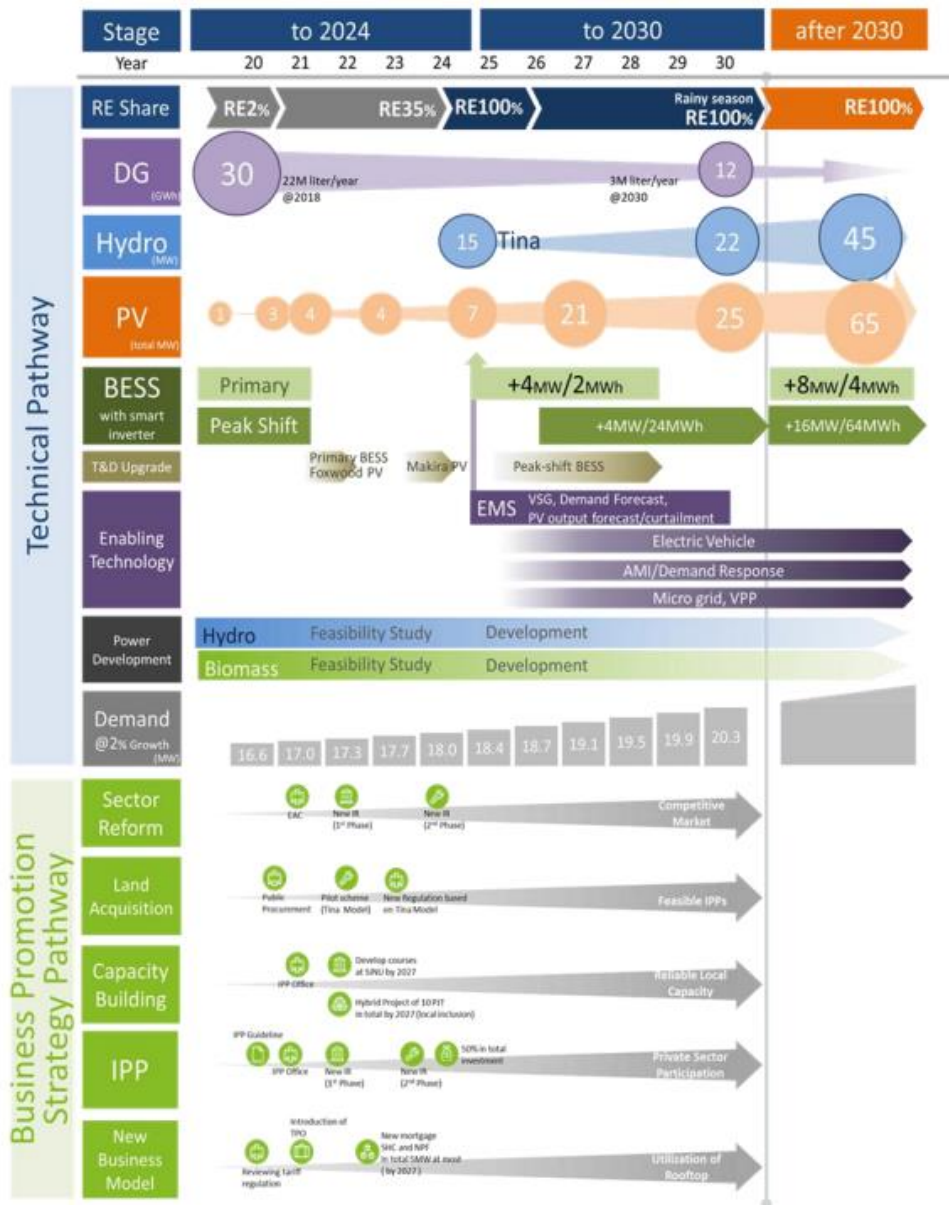
## 5.10 Renewable Energy Roadmap

Solomon Islands Renewable Energy Roadmap was launched in 2022. Below is the draft RERM.

### 8. Renewable Energy Road Map

#### 8-1 Establishment of RERM

Recommended RERM is shown below.



Source: JICA Project Team

#### Outline of Renewable Energy Road Map for Honiara Grid (Draft)



## 6 CAPITAL STRUCTURE TARGETS AND FORECAST RATIOS

The estimated capital structure at end 2023, and those forecast for the next three years are as follows:

Capital structure and Investment (as per IFRS)	2023 Forecast	2024 Budget	2025 Plan	2026 Plan
Debt (\$M)	288m	336m	395m	335m
Equity (\$M)	1,555m	1,555m	1,550m	1,540m
Debt to Equity (\$M)	18.6%	21.6%	25.5%	21.8%
Capital Investment (\$M)	226m	251m	266m	367m

SP's intent is that investment-related expenditures can be recovered from connected customers over time. It is SP's intention that it should be able to fund a portion of its investments from its own cash-flows, donor funding and loans through Solomon Islands Government and if necessary borrow the remainder on the basis of its own balance sheet.

## 7 PERFORMANCE TARGETS AND INDUSTRY MEASURES<sup>5</sup>

The targets for SP's performance are detailed below. They are contingent on no unexpected or materially adverse events occurring. These ratios are explained in Appendix A. SAIFI and SAIDI are internationally recognised measures of Electricity Distribution and Generation Companies' performance indicators.

a) To be as profitable and efficient as comparable businesses:

Operational Performance Targets	2023 Forecast	2024 Budget	2025 Plan	2026 Plan
System Interruption Frequency Index (SAIFI)	3.0 times	3.0 times	3.0 times	3.0 times
System Interruption Duration Index (SAIDI)	100 minutes	140 minutes	140 minutes	140 minutes
kWh Sales Growth	1.5%	1.5%	1.5%	1.5%
Average Tariff	\$7.1551	\$6.4024	\$5.7377	\$5.2674

Financial Performance Targets	2023 Forecast	2024 Budget	2025 Plan	2026 Plan
Net Profit (\$M)	53m	0.08m	-5m	-10m
Current Ratio	3.6	2.7	2.8	0.8
ROA (%)	3.4%	0.0%	-0.3%	-0.5%
Return on Equity (%)	2.9%	0.0%	-0.3%	-0.6%

Commercial Performance Targets	2023 Forecast	2024 Budget	2025 Plan	2026 Plan
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<sup>5</sup> State Owned Enterprises Act, Section 13 (2) (e)

Collections ratio (%)	90	90	90	90
Losses – Technical and non-technical	17.0%	17.0%	17.0%	17.0%
Debtors Days (excluding SIG)	30	30	30	30
Number of customers	26,700	28,000	30,000	32,000

b) To be a good employer:

<b>Non-Financial Performance Targets</b>	<b>2021 Forecast</b>	<b>2022 Budget</b>	<b>2023 Plan</b>	<b>2024 Plan</b>
No. of Lost Time Injuries	0	0	0	0
LTIFR (Lost Time Injury frequency Rate)	0	0	0	0
% Staff Turnover (non-retirement)	2.0%	2.0%	2.0%	2.0%
No. of Unfair Dismissal Case Lost	0	0	0	0

c) To be an organisation that exhibits a sense of social responsibility:

<b>Corporate Social Responsibility</b>		
<b>Area</b>	<b>Target</b>	<b>2024 Proposed Actions</b>
Environmental Care	Compliance with environmental laws and regulations.	<ul style="list-style-type: none"> <li>Identify relevant laws, regulations and consents, and establish current performance.</li> <li>Work with Ministry of Environment to resolve bulk, electronic and oil waste disposal issues.</li> <li>Ensure that EIS and EMP are in place for Capital Works projects where required.</li> <li>Implement work Programme to improve performance.</li> <li>Prepare an annual sustainability report</li> </ul>
Public Safety	Public accidents due to SIEA operations reduced by 20%	<ul style="list-style-type: none"> <li>Identify and track incidents.</li> <li>Identify remedial actions that can be taken.</li> <li>Use the media to communicate safety issues to the public.</li> <li>Advise the public on how to deal with safety issues.</li> </ul>
Climate Change	Identify greenhouse gas emissions resulting from SIEA activities	<ul style="list-style-type: none"> <li>Catalogue sources of emissions from SIEA activities, and commence Programme of estimating emissions from the top three areas.</li> <li>Continue with Energy Efficiency and Demand Management Programmes through the media.</li> </ul>

## 8 DIVIDEND POLICY<sup>6</sup>

This dividend policy provides guidelines that SP should use to determine how much of its earnings it should pay to its Shareholders, the responsible Ministers. This should be negotiated annually between

<sup>6</sup> State Owned Enterprises Act, Section 13 (2) (f)

the Board and the Shareholding Ministers and agreed in writing as part the Statement of Corporate Objectives.

This negotiated dividend will consider SP's:

- Capital Structure
- Cash Flow
- Working Capital requirements
- Capital Investment Plans
- An appropriate contingency for financial flexibility

The Board considered on 20<sup>th</sup> November 2018 a number of options for the dividend policy including:

#### **No Dividend Policy**

SP will use all its internally generated funds to reinvest in its infrastructure or to reduce tariffs.

#### **Residual Dividend Policy**

Dividends will only be paid if there are retained earnings left over after SP has financed all investment projects capable of generating acceptable returns. This method leads to volatility which governments don't normally like.

#### **Dividend Stability Policy**

Dividends are set at a fraction of annual Net Profit. This approach reduces uncertainty for the Shareholder.

#### **CSO as Dividend Policy**

The Board adopted the CSO as Dividend Policy in 2016 and \$4.4m was the dividend for 2016. In 2017, there was no CSO received from MOFT. A \$1.5 million was received in 2018 as CSO from the Ministry of Finance and Treasury. No CSO was requested for 2020, 2021 and 2022 financial years.

#### **Hybrid Dividend Policy**

SP would set a dividend that is a small fraction of its annual Net Profits over the medium term. SP could top this up if Net Profits over the medium term significantly exceeds this forecast average. This final approach is most commonly used now. The Board has deliberated on 20<sup>th</sup> November 2018 and opted to adopt a Hybrid Dividend Policy. It should be noted that the Net Profit used to calculate the dividend amount is based on operating profit only and does not include revaluation increments if any.

Parameters are

Fraction of Net Profit – 5% per annum Stability

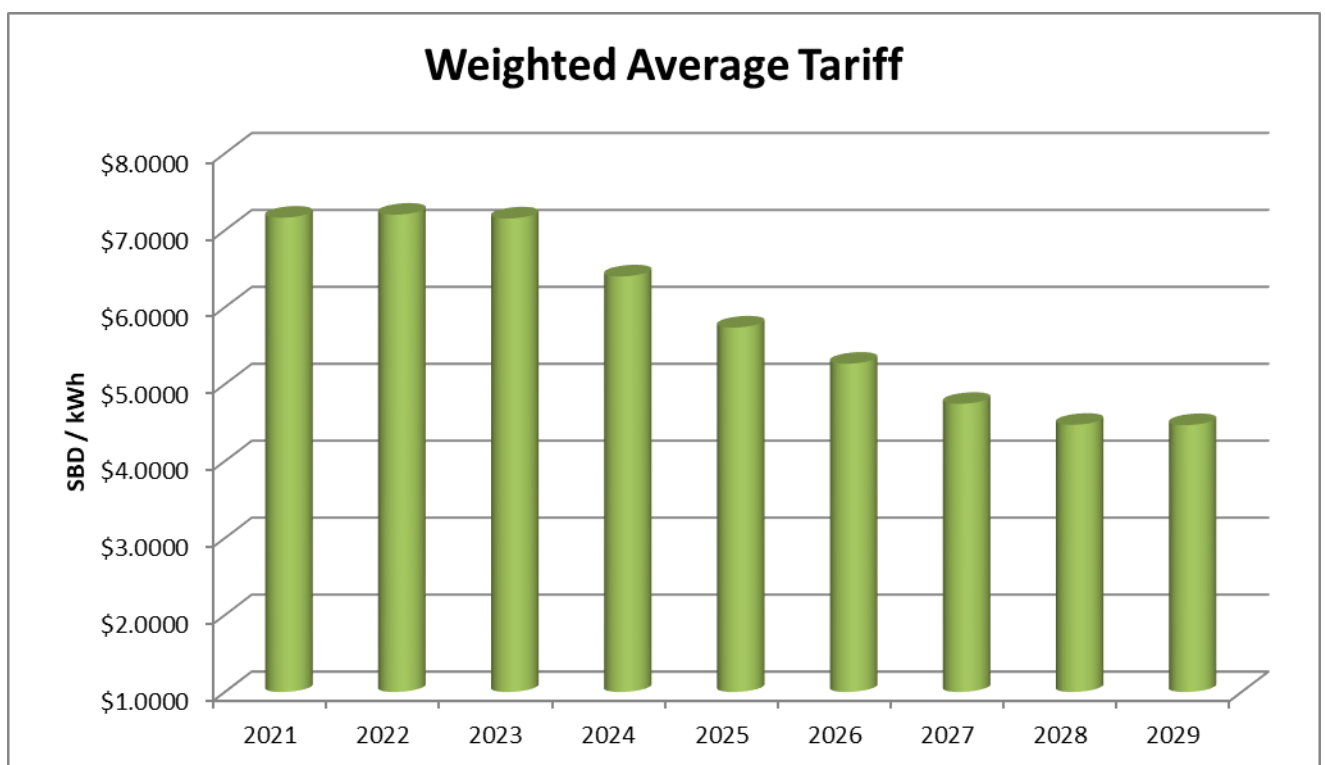
Residual – Excess of NPAT \$100m at 10%

Year	2023 Forecast	2024 Budget	2025 Plan	2026 Plan
Dividend	\$2.6m	\$0.04m	\$0m	\$0m

In recommending payment of dividends to shareholders, SP Directors will follow the policies of similar public companies, and will comply with Section 14 of the SOE Act.

## 9 ELECTRICITY TARIFF

Electricity Act Amendment was passed in 2023. There has been a change in the process for Tariff setting. The 2021 electricity tariff regulation is currently in effect however with this change in process it is likely that reduction in tariff is anticipated in 2024. Therefore for the 2024 Budget and the next 5 years forecasting is based on a likely tariff reduction in Base tariff of \$0.77. \$0.77 reduction in 2024 is likely to result in break even for the Utility.



To reduce the tariff further SP is required to increase its customer base, reduce outages and non-technical losses which will subsequently increase electricity demand; and also reduce its fuel costs by increasing its generation through Renewable Energy Sources. Reduction in the tariff charges as shown in the graph above is the impact of reducing calculated tariff by \$0.77 for 2024, decline in fuel costs due to the commissioning of new solar farms and hybrids and the expected commissioning Tina hydro in 2027. SP is also reviewing its operational expenditures against best practises and bench marking to minimise any inefficiency costs are being passed back to customers through tariff.

Given that the reduction in fuel charge can be seen when Tina River Hydro and other Solar plants are commissioned which is likely to be two years away there are other strategies that Solomon Power with support from MMERE needs to look into for period of 2024 to 2027. These include

- a) Hedging of fuel including discussions with CBSI and other stakeholders on exchange rate for import of fuel.

- b) Tax Exemptions on Fuel purchases by Solomon Power.

## 10 INFORMATION TO BE REPORTED<sup>7</sup>

To enable the Shareholding Ministers to assess the value of their investment in SP, any information that would normally be supplied to a controlling private shareholder will be made available.

An annual report for each financial year, including audited financial statements, will be submitted in accordance with Section 14 of the SOE Act. The annual report will:

- Contain sufficient information to enable an informed assessment to be made of SP's operations, including a comparison with the SCO; and
- State the dividend payable to the shareholders for the relevant financial year.

SP will also submit the following information to the Shareholding Ministers:

- Half-yearly reports in accordance with Section 15 of the SOE Act, which will include unaudited profit and loss, balance sheet and cash flow statements together with such details as are necessary to permit an informed assessment of the company's performance during that reporting period; and
- Draft of SP's Strategy Plan and a draft SCO, which will be made available to Shareholding Ministers for discussion prior to the commencement of the financial year to which the plan and the SCO relates.

SP will, in addition, provide other information relating to the affairs of the company as might be requested by the Shareholding Ministers pursuant to section 19 of the SOE Act and in accordance with good continuous disclosure practice.

## 11 ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT INFORMATION TO BE REPORTED<sup>8</sup>

SP will, in accordance with Section 8 of the SOE Act and Part 6 of the State Owned Enterprises Regulation 2010 (The Regulations), seek compensation sufficient to allow SP's position to be restored if the Government wishes SP to undertake activities or assume obligations that, in SP's view, will:

- Result in a reduction of SP's profit or net worth; or
- Modify or expand the electricity networks in ways that might negatively affect its ongoing capacity, security and/or reliability

There are two major areas where the Government has requested SP to provide services that would otherwise be non-commercial.

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<sup>7</sup> State Owned Enterprises Act, Section 13 (2) (g)

<sup>8</sup> State Owned Enterprises Act, Section 13 (2) (g)

- Provision of Electricity supply in the Outstations; and
- Operation and Maintenance of Streetlights in Honiara and the Outstations,

The provision of power to the Outstations is non-commercial because of the cost of fuel transport, the size of the operation and the relatively high level overheads associated with the provision of power in these small areas. SP has made significant improvements to the efficiency of operations in the outstations with the effect that some outstation operations are making a reasonable return and the other outstations are close to breaking even. SP will continue this effort through a number of initiatives including automation of the outstations, improved fuel delivery mechanisms, implementing renewable energy (solar & Hydro) and Supervisory Control and Data Acquisition Systems (SCADA).

The provision of Streetlights in Honiara and the Outstations has been an area of neglect due to provincial governments (in the main), town councils and some ministries not taking responsibility for this function. The Government therefore decided in 2014 to request SP to perform this important civic function on behalf of the Government. This function has been costed and started in 2015 and has since been completed.

The Government in 2016, has written to SP stating that CSO will be allocated to Capital Projects.

In 2018 the Solomon Islands Government had committed and paid \$1.5 million as CSO for services in the Provinces and for Streetlights in Honiara and at the Outstations. The Government and SP will agree the scope and cost of the Community Service Obligations (CSO) scheme in the future. In 2019, 2020 2021 and 2022, SP did not make a request for CSO payment. However, this position may change in subsequent years.

There is also another area whereby SP is also considering to fund that would be non-commercial.

- Connection Charges for Customers with similar offering to the Output based Aid (OBA) Program.

Connection costs is a barrier. This is the labour charge (excluding material) imposed by Electrical Contractors for domestic customer's ranges from SBD1,000 to SBD5,000. As a result of this, despite extending the network both in Honiara & Provinces the uptake is low. Solomon Power is considering funding to assist with connections and may likely in the future request for this to be covered by CSO.

## **12 SUBSIDIARY COMPANIES**

SP has no subsidiary companies at present. SP is currently exploring options to setup subsidiary companies. SP will consult with the Shareholding Ministers in due course.

## **13 OTHER MATTERS AGREED BY THE SHAREHOLDING MINISTERS AND THE BOARD**

There are no other matters that have been agreed by the Shareholding Ministers and SP Board for inclusion in this statement pursuant to Section 13(2)(j) of the SOE Act. Any such matters will be formally reported as appropriate in Annual Reports.

## **14 COMMERCIAL VALUE OF THE SHAREHOLDERS' INVESTMENT**

The principal physical assets of SP primarily include:

- Lungga Power Station.
- Honiara Power Station.
- Henderson Solar Farm.
- 33kV, 11kV and LV overhead, underground and substation network and metering systems in Honiara.
- Outstation Power stations at: Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro and Tulagi
- 11kV and LV overhead and substation networks and metering systems associated with the above Outstation Power stations.
- Head Office building in Ranadi including the extension of the ground floor.
- 71 staff houses and 51 land parcels in Honiara.
- 33 staff houses in the various Outstations.
- 49 ha of land under perpetual or fixed term estate.

In addition, the company has significant intellectual capital in staff, company processes and procedures.

The audited estimate of the current commercial value of the Shareholders' investment in SP was \$1,555M as at the end of 2023. This compares with a value of \$1,504M as at end 2022 based on the audited 2022 accounts.

## **15 ACCOUNTING POLICIES<sup>9</sup>**

SP has adopted IFRS standards as the basis of its accounting policies as regards the measurement and reporting of profit, cash-flow, movements in equity, and financial position.

Details of SP's accounting policies and their application are given in Appendix B.

## **APPENDIX A – DEFINITIONS**

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<sup>9</sup> State Owned Enterprises Act, Section 13 (2) (d)



<b>Capital Structure and Investment</b>	
Debt	“Debt” equals current and non-current debt and finance leases
Equity	“Equity” equals share capital, reserves and accumulated retained earnings.
Total Funds Employed	“Total Funds Employed” equals current liabilities, non-current liabilities and equity.
Ratio of (Debt) to (Debt plus Equity) <sup>10</sup>	Self-explanatory
Capital Investment	Capital investment equals total capital expenditure, excluding net property acquisitions/disposals
<b>Operational Performance Targets</b>	
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
Load-shed Index	Number of days with load-shed events due to lack of generation capacity
Revenue per KWh	In SBD
<b>Financial Performance Targets</b>	
Operating profit margin (%)	[Earnings before interest, tax, depreciation, amortisation (EBITDA)] divided by [total revenue].
Interest coverage (times)	[Earnings before interest, tax, depreciation, amortisation, (EBITDA) less cash tax], divided by [interest paid].
Return on assets (ROA) (%)	[Earnings before interest and tax expense (EBIT)], divided by [average capital employed]. <i>Capital employed is made up of current assets plus fixed assets (excluding works under construction), less current liabilities (excluding current debt, interest payable and income in advance).</i>
Return on equity (ROE) (%)	Profit After Tax divided by equity.
<b>Commercial Performance Targets</b>	
Collections ratio (%)	(Revenue Received)/ (Revenue Billed)
Aged Debt Index (\$M >90 days)	Self-explanatory
Debtor Days	Number of days to collect the outstanding debt
Customer Service Index	No. of written complaints from customers

<sup>10</sup> State Owned Enterprises Act, Section 13 (2) (c)

## APPENDIX B - ACCOUNTING POLICIES<sup>11</sup>

### 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, East Honiara, 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 Islands' Government 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) and other applicable Financial Reporting Standards.

The financial statements are presented in Solomon Island Dollars ("SBD"), which is SIEA's functional and presentation currency. All financial information is presented in Solomon Island 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 except as modified for certain non-current assets and financial instruments as identified in specific accounting policies below.

### 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.

### 6. Specific Accounting Policies

#### *a) Basis of Consolidation*

There are no subsidiaries in existence, or proposed, so no consolidation is required.

#### *b) Goodwill*

SP does not recognised any goodwill.

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<sup>11</sup> State Owned Enterprises Act, Section 13 (2) (d)

### ***c) Revenue***

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.

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 14 days thus there is no significant financing component. Additionally, discount is provided to some customers against the approved tariff rates. 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.

- Tiered-pricing for customers; and
- Estimate of unbilled electricity supplied to 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. In respect to the considerations from:

a) Read meter customers, these are not constrained because it is calculated based on actual units consumed during the period, thus variability due to tiered-pricing on consideration for the period is known.

b) Unread meter customers, the unbilled electricity supplied at period end is estimated based on previous periods' average consumption (expected value). Similarly, the monthly billed consideration is estimated as well. Management consider this to be best estimate of the transaction price without incurring undue cost and time and thus not necessary for SIEA to quantify all possible outcomes using complex models and techniques. Additionally, the full transaction price not considered constrained as the likelihood and potential magnitude of the revenue reversal is not considered by management to be significant.

### ***d) Accounts Receivable***

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics. Accounts receivable are designated as per the 'Held to Collect' business model and an allowance matrix is used to measure the expected credit loss of accounts receivable.

### ***e) Inventories***

Stocks of materials are recorded at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is determined on a weighted average basis.

#### ***f) Investments***

SP has no non-core investments.

#### ***g) Other Financial Assets at Fair Value through Profit or Loss***

SP has no other financial assets such as derivatives or hedging instruments. These may be developed in the future to provide better management of electricity price fluctuations. If they are used in the future, the realised and unrealised gains and losses arising from changes in the fair values are included in the income statement in the period in which they arise.

#### ***h) Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. These assets are carried at amortised cost using the Held to Collect business model.

#### ***i) Trade and Other Payables***

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid.

Provisions are liabilities of uncertain timing or amount. They are measured at the amounts expected to be paid when the liabilities are settled.

#### ***j) Available for Sale Financial Assets***

Available for sale financial assets are non-derivatives that are either designated as available for sale by management or not designated in any of the other categories.

These investments are carried at fair value with any unrealised gains and losses arising from changes in fair value recognised directly in equity. On sale or on impairment, the accumulated fair value adjustments are included in the income statement.

#### ***k) Property, Plant and Equipment***

Property, plant and equipment are recognised at cost less accumulated depreciation. Cost is determined by including all costs directly associated with bringing the assets to their location and condition for their intended use.

#### ***l) 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 company'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 use.

#### ***m) Depreciation***

Depreciation of property, plant and equipment is calculated using the straight line method to write down the cost of property, plant and equipment to its estimated residual value over its estimated useful life.

The estimated useful lives are as follows:

Power Stations - 20 years

Freehold Buildings – 40 years

Overhead and Underground distribution networks - 20 years

Metering system assets- 20 years

IT Assets – 5 years

Vehicles – 5 years

Administration Assets - 10 years

#### ***n) Non-Current Assets Held for Sale***

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition and is expected to be completed within one year from the date of classification.

#### ***o) Investment Property***

Investment property is property held primarily to earn rentals and/or capital gain rather than used for operational purposes. Measurement is at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

#### ***p) Leased Assets***

SIEA has applied IFRS 16 using the modified retrospective approach.

#### ***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 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.

## As a lessor

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.

### *q) Intangibles*

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 the SP 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. SP 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 SP 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.

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.

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.

### *r) Impairment of Assets*

At each reporting date, SP 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, 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. An impairment of goodwill is not subsequently reversed.

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 the income statement 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 the income statement 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.

### ***s) Debt***

Debt is designated as fair value through profit or loss on the basis of preventing an “accounting mismatch”. The company’s net debt is managed as one integrated portfolio; therefore, measuring derivatives and net debt on different bases would create a recognition inconsistency or accounting mismatch.

Fair values of quoted debt are based on prices current at balance date.

The effect on fair values of credit risk (i.e. the premium over the basis interest rate risk for credit to reflect the credit rating of the relevant counterparty) is based on quoted market prices.

### ***t) 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.

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.

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 SP in respect of services provided by employees up to reporting date.

Contributions to defined contribution plans are expensed when incurred.

### ***u) Taxation***

The part of the Income of the Authority which is derived from the sale of electricity shall not be liable to income tax.



#### ***v) Foreign Currency Transactions***

Transactions denominated in a foreign currency that are not hedged are converted at the Solomon Islands exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date. Exchange differences arising on the translation or settlement of accounts payable and receivable in foreign currencies are recognised in the income statement.

Certain purchase commitments denominated in a foreign currency are hedged against foreign currency risk and designated as hedge items in fair value hedges under IAS 39. The cumulative change in the fair value of the purchase commitments attributable to the hedged foreign currency risk is recorded as an asset or liability using forward rate based measurement with the corresponding gains or losses recognised in the income statement. The gains or losses in the associated derivative are also recognised in the income statement.

#### ***w) Translation of Foreign Group Entities***

SP has no foreign or other subsidiaries.

#### ***x) 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.

#### ***y) Grants***

An unconditional grant related to an asset is recognised in profit & 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 SP will comply with the conditions associated with the grant and are recognised in profit and loss as other income on a systematic basis over the useful life of the asset. Grants that compensate SP for expenses incurred are recognised in profit and loss on a systematic basis in the same period in which the expenses are recognised.

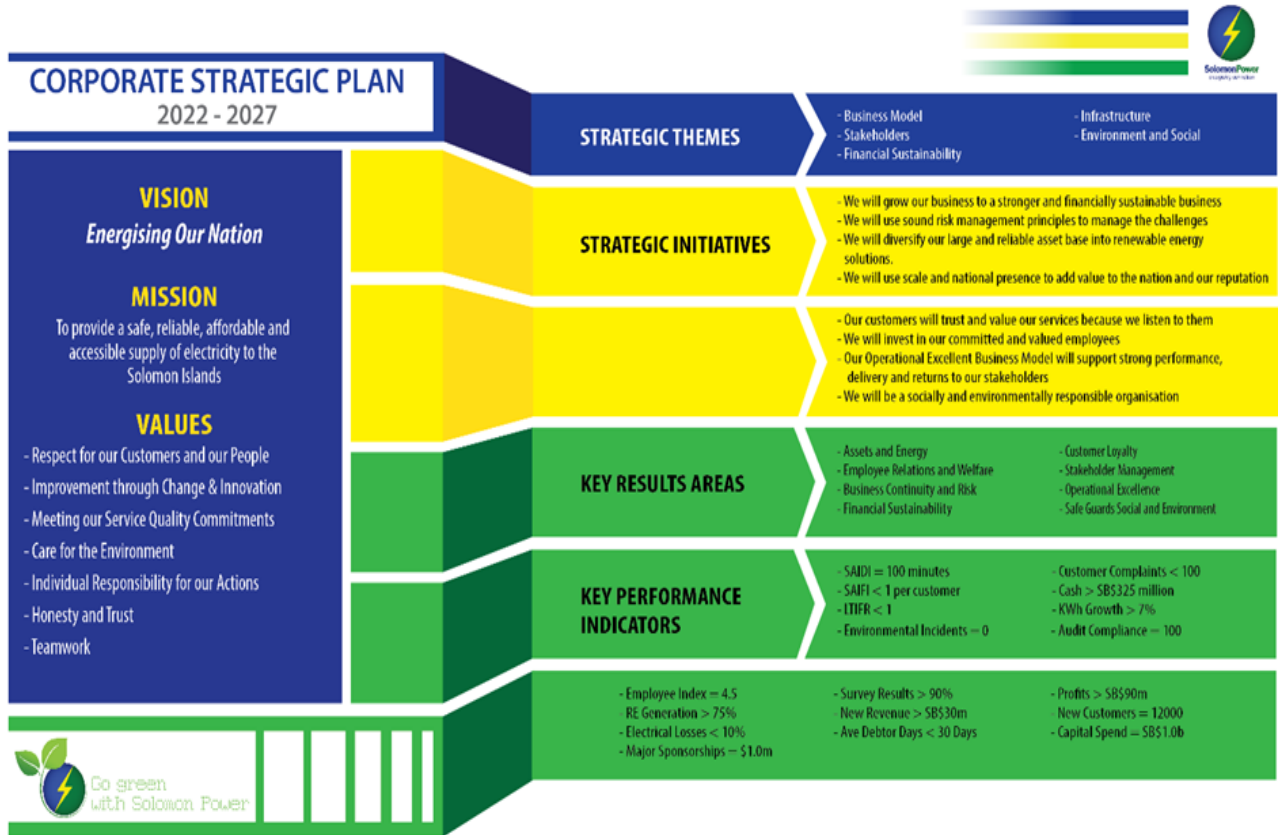
### **7. New Standards adopted**

SP has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as on 1<sup>st</sup> January 2018. Further, SP has adopted IFRS 16 Leases which is effective from 1<sup>st</sup> January 2019.


# APPENDIX C – CAPITAL PROJECTS 2023 to 2029

SOLOMON POWER								
CAPITAL BUDGET - 2022 Forecast, 2023 Budget, 2024 - 2028 Forecast								
19-Oct-23								
PROJECT	2023 FORECAST WIP	2024	2025	2026	2027	2028	2029	TOTAL
<b>MAJOR PROJECTS</b>								
Honiara Diesel Generation Project	15,640,000		46,920,000	15,640,000				78,200,000
Honiara Emergency Generators Project	9,000,000	6,000,000						15,000,000
Henderson 2 MW Solar Expansion	4,000,000	1,500,000	1,000,000					6,500,000
Henderson 1MW Solar Additional	1,500,000		2,000,000	9,000,000				12,500,000
SDA 10MW Solar Farm		4,500,000	5,000,000	12,000,000	12,000,000	5,000,000	5,000,000	43,500,000
Solar - Ranadi Head Office Roof	4,000,000	800,000						4,800,000
Central BESS - 3.5MW		1,000,000	2,000,000	7,000,000	5,000,000	2,500,000	2,500,000	20,000,000
Data Centre Building	6,000,000	3,000,000						9,000,000
Tanagati 1 MW Solar Farm		3,000,000	2,000,000	5,000,000				10,000,000
Tina River Hydro Project	750,000							750,000
Old Lungga P/Station Electrical Upgrade	500,000	8,000,000	5,000,000	20,000,000	15,000,000	2,500,000	2,500,000	53,500,000
Lot 4 - 1x 12.5/15MVA 11/33kV Lungga Transformer		1,000,000						1,000,000
SCADA Implementation - Master Station	2,500,000	3,500,000	1,000,000					7,000,000
SCADA Implementation - Protection Upgrade	2,500,000	3,500,000	1,000,000					7,000,000
SCADA Implementation - OPGW/ADSS		3,000,000	5,000,000	5,000,000	5,000,000			18,000,000
SCADA Implementation - Ad Hoc		1,000,000						1,000,000
East Honiara Feeder 1 Realignment to main road from Alligator to Blackpost			2,500,000					2,500,000
66kv transmission - Tina River Hydro - Lungga	19,000,000	8,200,000	24,320,000	95,760,000	71,920,000			219,200,000
66kv transmission - Design and Tehnical Support	239,958							239,958
<b>TOTAL MAJOR</b>	<b>65,629,958</b>	<b>48,000,000</b>	<b>97,740,000</b>	<b>169,400,000</b>	<b>108,920,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>509,689,958</b>
<b>SECONDARY PROJECTS</b>								
<b>BUILDING PROJECTS</b>								
Green Village Detailed Design	5,000,000							5,000,000
Green Village Construction		4,000,000	3,000,000	7,000,000	6,000,000			20,000,000
<b>WORLD BANK ACCESS PROJECT</b>								
Output Based Aid Program (OBA)	2,000,000	5,000,000	2,000,000	2,000,000	2,000,000			13,000,000
11kV Network Line Extension								-
CBSP Phase 2		8,000,000	4,300,000					12,300,000
JICA Phase 2 Road Upgrade Works	5,000,000	1,000,000						6,000,000
Town Ground to White River Diversions for ADB Road Upgrade Works	5,000,000	8,000,000	8,000,000					21,000,000
<b>SYSTEMS</b>								
ICT - Strategy	1,000,000	400,000	350,000	350,000	350,000			2,450,000
ICT - Corporate storage capacity		50,000						50,000
ICT - Suprims upgrade	200,000							200,000
ICT Softwares		300,000	450,000	450,000	450,000			1,650,000
Business Applications		450,000	650,000	650,000	650,000			2,400,000
<b>BUSINESS DEVELOPMENT</b>								
Fiber Optic Commercialization		1,500,000	1,000,000	500,000	500,000	500,000	500,000	4,500,000
Electrical Goods Subsidiary		400,000	5,500,000	1,500,000	200,000	200,000	200,000	8,000,000
Electrical Goods R&M Services		100,000	4,500,000	250,000	250,000	250,000	250,000	5,600,000
Electrical Vehicles			500,000	500,000	500,000	500,000	500,000	2,500,000
Solomon Power Energy Efficient Initiative (SPEEI)		200,000	200,000	200,000	200,000	200,000	200,000	1,200,000
Business Continuity		50,000	500,000	500,000	500,000	500,000	500,000	2,550,000
<b>TOTAL SECONDARY</b>	<b>18,250,000</b>	<b>29,400,000</b>	<b>30,950,000</b>	<b>13,900,000</b>	<b>11,600,000</b>	<b>2,150,000</b>	<b>2,150,000</b>	<b>108,400,000</b>
<b>OUTSTATIONS PROJECTS</b>								
Outstation Generator Project	8,500,000.00	1,500,000.00						10,000,000
Ambu Solar Farm - 2MW with BESS	500,000.00	2,000,000	3,000,000	10,000,000	2,000,000	1,000,000	1,000,000	19,500,000
Buala - Hydropower	610,000							610,000
Buala Electrical Upgrade	900,000	1,500,000						2,400,000
Gizo Mile 6 Solar Farm	1,500,000	5,000,000	3,000,000	10,000,000	2,000,000	1,000,000	1,000,000	23,500,000
Noro-Munda new overhead 11kv link & ADSS		8,000,000	5,000,000	10,000,000				23,000,000
<b>ADB FUNDED SOLAR</b>								
Tulagi 150kw solar farm	2,000,000							2,000,000
Kirkira 150kw solar farm	2,000,000							2,000,000
Lata 150kw solar farm		3,500,000						5,500,000
Maluu 150kw solar farm	2,000,000							2,000,000
Munda 1mw solar farm	2,000,000	800,000						2,800,000
<b>HYBRID MICRO GRIDS</b>								
New Power Station - Ato			2,000,000	6,000,000	3,000,000	1,000,000	1,000,000	13,000,000
New Power Station - Hauhui	2,000,000	3,000,000	3,000,000	2,000,000				10,000,000
New Power Station - Sasamuga	2,000,000	3,000,000	3,000,000	3,000,000				11,000,000
New Power Station - Vonunu	2,000,000	2,000,000	2,000,000	2,000,000				8,000,000
New Power Station - Namughu	2,000,000	3,000,000	3,000,000	3,000,000				11,000,000
New Power Station - Visale	1,000,000	4,000,000	4,000,000	7,000,000	2,000,000	1,000,000	1,000,000	20,000,000
New Power Station - Tingoa	1,000,000	4,000,000	4,000,000	7,000,000	2,000,000	1,000,000	1,000,000	20,000,000
New Power Station - Dalis	1,000,000	4,000,000	4,000,000	7,000,000	2,000,000	1,000,000	1,000,000	20,000,000
New Power Station - Bina	1,000,000	4,000,000	4,000,000	7,000,000	2,000,000	1,000,000	1,000,000	20,000,000
New Power Station - Baolo	1,000,000	4,000,000	4,000,000	7,000,000	2,000,000	1,000,000	1,000,000	20,000,000
Solar Hybrid 1 - Kia			400,000	5,000,000	5,000,000	2,500,000	2,500,000	15,400,000
Solar Hybrid 2 - Kolotubi						5,000,000		5,000,000
Solar Hybrid 3 - Biluro			400,000	5,000,000	5,000,000	5,000,000	5,000,000	20,400,000
Solar Hybrid 4 - santa Ana						2,000,000		2,000,000
Solar Hybrid 5 - Lambi						2,000,000		2,000,000
Solar Hybrid 6 - Uilawa						5,000,000		5,000,000
Solar Hybrid 7 - Kiu			400,000	500,000	5,000,000	5,000,000		10,900,000
Solar Hybrid 8 - Foondo						500,000		500,000
Solar Hybrid 9 - Talakali						500,000		500,000
Solar Hybrid 10 - Marau	300,000		2,000,000	3,000,000				5,300,000
Solar Hybrid 11 - Pakera	500,000		3,000,000	12,000,000				15,500,000
Solar Hybrid 12 - Talibau						2,500,000	2,500,000	5,000,000
Solar Hybrid 13 - Emu Harbour Ranogga						500,000		500,000
Solar Hybrid 14 - Aruligo						2,500,000	2,500,000	7,000,000
Mare Solar Farms	5,000,000	3,000,000	3,000,000	7,000,000	7,000,000			25,000,000
<b>TOTAL OUTSTATIONS</b>	<b>40,710,000</b>	<b>56,300,000</b>	<b>55,700,000</b>	<b>116,000,000</b>	<b>51,000,000</b>	<b>48,500,000</b>	<b>28,000,000</b>	<b>396,210,000</b>
<b>BUILDING PROJECTS</b>								
<b>TOTAL BUILDINGS</b>	<b>19,970,915</b>	<b>10,050,000</b>	<b>14,230,000</b>	<b>9,425,000</b>	<b>3,625,000</b>	<b>-</b>	<b>-</b>	<b>57,300,915</b>
<b>GENERATION PROJECTS</b>								
<b>TOTAL GENERATION</b>	<b>4,575,000</b>	<b>11,570,000</b>	<b>9,010,000</b>	<b>3,775,000</b>	<b>2,175,000</b>	<b>3,950,000</b>	<b>3,950,000</b>	<b>39,005,000</b>
<b>DISTRIBUTION PROJECTS</b>								
<b>TOTAL DISTRIBUTION</b>	<b>500,000</b>	<b>12,850,000</b>	<b>7,230,000</b>	<b>9,100,000</b>	<b>7,300,000</b>	<b>7,300,000</b>	<b>7,200,000</b>	<b>51,480,000</b>
<b>BUSINESS AS USUAL PROJECTS (BAU)</b>								
<b>TOTAL BAU</b>	<b>59,023,556</b>	<b>67,697,429</b>	<b>51,725,468</b>	<b>45,523,110</b>	<b>48,666,420</b>	<b>44,771,025</b>	<b>30,112,072</b>	<b>347,519,079</b>
Employment Costs	17,656,200	15,064,167						32,720,367
<b>TOTAL PROJECTS</b>	<b>226,315,628</b>	<b>250,931,596</b>	<b>265,646,468</b>	<b>367,123,110</b>	<b>233,286,420</b>	<b>116,671,025</b>	<b>81,412,072</b>	<b>1,541,386,319</b>

# APPENDIX D – SP STRATEGIC PLAN 2022 to 2027



## APPENDIX E – Statement of Financial Position – 2022 (Audited), 2023 Forecast, 2024 Budget, 2025 to 2029 Forecast

 <b>Solomon Islands Electricity Authority</b> Statement of financial position 2022 Audited, 2023 Forecast, 2024 Budget, 2025-2029 Forecast								
	AUDITED	FORECAST	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
	SBD\$	SBD\$	SBD\$	SBD\$	SBD\$	SBD\$	SBD\$	SBD\$
<b>Assets</b>								
<b>Non-current assets</b>								
Property, plant and equipment	860,216,641	1,143,177,827	1,270,017,622	1,289,900,877	1,382,954,002	1,488,461,453	1,467,486,503	1,339,415,196
Right of use Assets	8,355,349	8,355,349	8,355,349	8,355,349	8,355,349	8,355,349	8,355,349	8,355,349
Works In Progress	350,293,511	202,734,383	214,418,456	286,313,236	371,736,402	383,389,060	399,350,220	291,074,053
Government Bonds	95,714,286	58,571,429	48,571,429	38,571,429	28,571,429	18,571,429	8,571,429	182,857,143
<b>Total non-current assets</b>	<b>1,314,579,787</b>	<b>1,412,838,987</b>	<b>1,541,362,856</b>	<b>1,623,140,890</b>	<b>1,791,617,181</b>	<b>1,898,777,290</b>	<b>1,883,763,501</b>	<b>1,821,701,741</b>
<b>Current assets</b>								
Cash In the Bank	287,376,413	231,310,082	147,783,628	124,904,589	(115,211,502)	(208,541,658)	(191,953,684)	(193,083,081)
Petty Cash	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Debtors	58,888,647	112,259,968	107,472,817	97,946,873	91,853,538	84,135,610	80,499,640	81,633,837
Stocks	75,549,461	67,295,610	74,221,804	78,810,706	87,734,520	93,592,526	93,341,836	81,524,462
Prepayments	19,477,750	19,477,750	19,477,750	19,477,750	19,477,750	19,477,750	19,477,750	19,477,750
<b>Total current assets</b>	<b>441,339,271</b>	<b>430,390,410</b>	<b>349,003,000</b>	<b>321,186,918</b>	<b>83,901,307</b>	<b>(11,288,772)</b>	<b>1,412,543</b>	<b>(10,400,031)</b>
<b>Total assets</b>	<b>1,755,919,058</b>	<b>1,843,229,397</b>	<b>1,890,365,856</b>	<b>1,944,327,808</b>	<b>1,875,518,488</b>	<b>1,887,488,518</b>	<b>1,885,176,043</b>	<b>1,811,301,709</b>
<b>Liabilities</b>								
Current Liabilities	86,682,440	121,030,543	127,856,773	116,416,235	108,393,619	98,705,078	95,457,949	96,675,099
Deferred Income	130,354,593	138,137,128	167,953,628	186,408,747	125,390,252	142,743,830	166,810,374	119,207,107
Lease Liabilities	2,252,858	2,252,858	2,252,858	2,252,858	2,252,858	2,252,858	2,252,858	2,252,858
Term Liabilities & Loans	31,871,099	27,036,336	37,454,023	89,542,579	99,275,199	119,763,819	119,842,439	111,732,216
<b>Total liabilities</b>	<b>251,160,991</b>	<b>288,456,865</b>	<b>335,517,282</b>	<b>394,620,419</b>	<b>335,311,928</b>	<b>363,465,585</b>	<b>384,363,620</b>	<b>329,867,281</b>
<b>Net Assets</b>	<b>1,504,758,067</b>	<b>1,554,772,532</b>	<b>1,554,848,573</b>	<b>1,549,707,389</b>	<b>1,540,206,560</b>	<b>1,524,022,933</b>	<b>1,500,812,423</b>	<b>1,481,434,428</b>
<b>Equity</b>								
Contributed capital	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170
Reserves	444,793,114	444,793,114	444,793,114	444,793,114	444,793,114	444,793,114	444,793,114	444,793,114
Accumulated Profits / (Losses)	813,031,783	863,046,248	863,122,289	857,981,104	848,480,276	832,296,648	809,086,139	789,708,144
<b>Total equity</b>	<b>1,504,758,067</b>	<b>1,554,772,532</b>	<b>1,554,848,573</b>	<b>1,549,707,389</b>	<b>1,540,206,560</b>	<b>1,524,022,933</b>	<b>1,500,812,423</b>	<b>1,481,434,428</b>

## APPENDIX F – Statement of Comprehensive Income – 2022(Audited), 2023 Forecast, 2024 Budget, 2025 to 2029 Forecast

### Statement of Comprehensive Income

2022 Audited, 2023 Forecast, 2024 Budget, 2025 -2029 Forecast

	AUDIT 2022 SBD	FORECAST 2023 SBD	BUDGET 2024 SBD	FORECAST 2025 SBD	FORECAST 2026 SBD	FORECAST 2027 SBD	FORECAST 2028 SBD	FORECAST 2029 SBD
<b>Operating Income</b>								
Electricity sales								
CashPower Sales	153,804,419	153,452,780	143,381,162	130,672,451	122,543,238	112,246,630	107,395,825	108,908,975
Kwh Sales	404,232,385	374,199,893	358,242,724	326,489,577	306,178,462	280,452,034	268,332,134	272,112,791
CashPower Fees	978,224	786,232	770,508	783,606	796,927	810,475	824,253	838,266
Kwh Fees	2,768,642	214,186	209,903	213,471	217,100	220,791	224,544	228,361
Sundry Income	6,036,814	12,291,720	12,500,679	12,713,191	12,929,315	13,149,113	13,372,648	13,599,983
	567,820,484	540,944,812	515,104,975	470,872,296	442,665,042	406,879,043	390,149,405	395,688,376
<b>Less Cost of Sales</b>								
Electricity Bought		-5%	-5%	-9%	-6%	-9%	-4%	1%
Fuel Oil	262,171,837	225,958,055	245,589,007	204,629,488	174,769,215	106,302,850	15,253,948	16,031,149
Lubricating Oil	3,075,027	3,250,019	3,185,019	3,149,983	3,203,533	3,257,993	3,313,379	3,369,707
Generation R&M	8,363,267	15,904,251	11,006,116	11,193,220	11,383,505	11,577,024	11,773,834	11,973,989
	273,610,131	245,112,325	259,780,141	218,972,691	189,356,253	154,137,867	140,341,160	141,374,845
<b>Gross Profit</b>								
	294,210,353	295,832,487	255,324,834	251,899,604	253,308,790	252,741,175	249,808,245	254,313,532
<i>Margin</i>	52%	55%	50%	53%	57%	62%	64%	64%
<b>Other Operating Expenses</b>								
Distribution R&M	3,389,941	4,844,795	5,594,000	5,532,466	5,626,518	5,722,169	5,819,446	5,918,376
Metering R&M	774,472	578,821	630,000	640,710	651,602	662,679	673,945	685,402
Property R&M	2,637,991	3,390,000	3,287,580	3,343,469	3,400,308	3,458,113	3,516,901	3,576,688
Employment Costs	82,329,091	88,210,915	90,784,963	92,328,308	93,897,889	95,494,153	97,117,554	98,768,552
	89,131,496	97,024,532	100,296,543	101,844,953	103,576,317	105,337,114	107,127,845	108,949,018
<b>Operating Profit</b>								
	205,078,857	198,807,955	155,028,291	150,054,652	149,732,473	147,404,061	142,680,399	145,364,513
<i>Margin</i>	36%	37%	30%	32%	34%	36%	37%	37%
<b>Other Income or Adjustments</b>								
Grant Income	6,104,806	6,104,842	6,221,514	8,258,091	6,476,525	4,851,818	4,851,818	4,851,819
Grant Income - IDA	4,336,451	2,374,588	2,580,783	3,546,292	6,295,667	6,295,667	6,295,667	6,295,667
Bond Income	3,466,680	3,844,390	3,797,321	2,472,321	1,803,571	1,303,571	803,571	357,143
	13,907,937	12,323,819	12,599,618	14,276,705	14,575,764	12,451,056	11,951,056	11,504,629
<b>Overheads</b>								
Training & Dev.	993,449	2,995,826	3,242,671	3,297,796	3,353,859	3,410,874	3,468,859	3,527,830
ICT	6,575,773	6,968,304	5,952,054	6,053,239	6,156,144	6,260,799	6,367,232	6,475,475
Vehicle Costs	3,914,456	4,955,142	3,745,008	3,808,673	3,873,421	3,939,269	4,006,236	4,074,342
Consultants	5,084,613	5,740,616	8,077,000	8,214,309	8,353,952	8,495,969	8,640,401	8,787,288
Customs & Logistics	2,685,522	1,558,320	1,605,069	1,632,356	1,660,106	1,688,327	1,717,029	1,746,219
Personnel Costs	6,755,687	7,538,980	7,907,543	8,041,971	8,178,685	8,317,722	8,459,123	8,602,929
Finance & Fees	12,094,867	11,839,638	14,465,784	14,711,702	14,961,801	15,216,151	15,474,826	15,737,898
Travelling	2,205,480	2,995,826	3,461,569	3,520,416	3,580,263	3,641,128	3,703,027	3,765,978
OHS Costs	1,323,731	1,606,806	784,680	798,020	811,586	825,383	839,414	853,684
Other Admin Costs	12,474,630	15,098,827	16,871,181	17,157,991	17,449,677	17,746,322	18,048,009	18,354,825
<b>Total Overhead Costs</b>	54,108,208	61,298,286	66,112,559	67,236,473	68,379,493	69,541,944	70,724,157	71,926,468
<b>Financial Costs</b>								
Depreciation	88,368,720	96,473,653	100,723,653	101,973,653	103,223,653	104,473,653	105,723,653	101,973,653
Interest on Loans	810,232	713,031	711,653	533,003	2,705,963	2,874,917	2,615,760	2,347,015
<b>Total Financial Costs</b>	89,178,952	97,186,684	101,435,306	102,506,657	105,929,616	107,348,570	108,339,414	104,320,668
<b>NET PROFIT</b>								
	75,699,634	52,646,805	80,043	(5,411,773)	(10,000,872)	(17,035,397)	(24,432,116)	(19,377,995)
<i>Margin</i>	13.3%	9.7%	0.0%	-1.1%	-2.3%	-4.2%	-6.3%	-4.9%
<i>ROE</i>	5.2%	3.4%	0.0%	-0.3%	-0.6%	-1.1%	-1.6%	-2.6%
<i>ROA</i>	4.4%	2.9%	0.0%	-0.3%	-0.5%	-0.9%	-1.3%	-2.1%