



GOVERNMENT OF TONGA

MEDIA RELEASE

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“Government to meet costs for the sudden increase in electricity tariffs for the next two months”

The Prime Minister, who is also the Minister of Public Enterprises, the Minister of Finance, and CEO of Ministry of Public Enterprises, met on 4th November 2019 with the Acting CEO and the Operational Team of Tonga Power Ltd, to clarify the sudden increase in the electricity tariff as announced on the 1st November 2019.

The meeting concluded with the following directions from the Prime Minister.

1) Tonga Power Ltd is to engage Price Waterhouse Cooper to carry out an independent audit of the merit of tariff structure and the validity of numbers in the elements of tariff structure, and the logic or otherwise of the resulting tariff increase.

2) In the meantime, the Government will bear the costs that causing the sudden increase, to hold the tariff for the two months of November and December 2019 which is estimated to be \$360,000 in total, while the investigation is carried out.

The Consumers will not bear these tariff costs, nor the costs of Price Waterhouse Cooper.

3) Tonga Power Ltd will continue to charge all customers on the old tariff \$0.7990 per kWh, not the new electricity price of \$0.8316 per kWh, (a difference of \$0.0326 per kWh).

4) It is anticipated that this exercise will bring a clear understanding as to the impact of the Renewal Energy Campaign which was intended to bring down the price of electricity, instead of increase the tariff. It is expected of course that this campaign will bring down the price of electricity by 20% - 30% if we reached 50% Renewal Energy production.

If this exercise will not bring a clear answer to this claim, this government will have to redesign this strategy immediately, because we are closing to the achievement of this 50% Renewable Energy Target.

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