SEIAPI Challenges EFL's Requested Tariff Increase

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EFL in their recent submission to FCCC for a tariff increase has accused Fiji's roof-top solar energy companies of exploiting EFL and forcing huge costs onto low-income consumers. It has asked the FCCC to approve a new daily tariff charge, supposedly to help low-income earners, and to increase electricity costs by about a third.

The Sustainable Energy Industry Association of the Pacific Islands (SEIAPI) represents renewable energy businesses in Fiji and the region. SEIAPI's members play a key role in helping shift Fiji away from high-cost, climate-damaging petroleum-based electricity and towards sustainable climate-resilient, reliable renewable energy such as solar. SEIAPI challenges EFL's tariff request for the following reasons:

1) Roof-top solar energy in Fiji has insignificant impacts on EFL's grid, contrary to EFL's claims. Even if it grows rapidly, it will not hurt lower-income households.

2) The requested tariff affects subsidised households, other domestic consumers, business, industry etc, differently with increases from 15% to over double, depending on assumptions. In their submission EFL has not sufficiently explained the reasons or how these new tariffs are fair to customers.

3) EFL has not justified a large increase. Fiji costs are double those of countries with a similar hydro/diesel mix. EFL's average return on shareholders funds (profit) was over 7% from 2017-2022 but it considers this to be too low. One recent study suggests 8% or less is reasonable. The increase is based on apparent worst-case needs for capital expenditure, double that of other reasonable assumptions in its own 2022-2031 plans.

4) For EFL's base case, electricity from diesel *grows* from 35% of generation in 2022 to 62% by 2031. This clashes deeply with government policies and its own goal of 90% renewable electricity and 10% diesel by 2025. EFL should not be producing more electricity from diesel fuel (its highest cost) while largely ignoring solar (well under half of diesel electricity cost) while requesting a substantial tariff increase.

5) Under Fiji's Climate Act, EFL must consider climate change effects, consider liability risk from the failure to address the risks, and adopt measures to reduce exposure to these risks. There is nothing in its 10-year plan or FCCC submission to FCCC to suggest that this has been done.

Our analyses suggest that the need for a new tariff structure and a 32% cost increase have not been proven. EFL has not shown that it seeks a fair return, encouraged customer power use efficiency, or developed a plan which is environmentally sustainable, and consistent with its own goals or those of the government. EFL is 51% government owned but does not appear to plan for the long-term benefit of the people of Fiji.

In SEIAPI's submission to FCCC we have strongly urged the FCCC to require EFL to justify its spurious claims of exploitation by the solar industry; approve a tariff structure that supports, not penalises solar renewable energy; independently assesses the impact of solar on low-income EFL customers, and assesses tariff impacts and fairness on different classes of consumers.

FCCC should also require EFL to justify its questionable investment plans based on credible independent climate studies, and seriously assess replacing high-cost diesel-based electricity with a lower-cost more balanced more resilient solar/hydro mix, adjusting the tariff requirements accordingly.

Finally, we strongly recommend that the FCCC tariff review methodology be updated well before the next tariff review in 2027 to decouple capital investment and sales from company profits and encourage EFL investment in sustainable renewable energy systems and improved consumer energy efficiency.

To view SEIAPI's full submission to FCCC and for further information on the association visit our website www.seiapi.com