

ELECTRIC POWER CORPORATION



STATEMENT OF CORPORATE OBJECTIVES

2013 - 2015

1. MANDATE

The Electric Power Corporation (EPC) was established on 19 December 1972 under the EPC Act 1972. The above Act was superseded by the EPC Act 1980 with amendments made in 1984, 1986, 1989 and 1992-1993, under the EPC Amendment Act 1981 and further amendment for Electricity ACT 2010 which established the Office of the Regulator Subject to these Acts. The EPC is an autonomous government owned corporation.

In addition to the directions given by the Board of Directors, the Corporation has the following mandates to govern and manage its daily business:

Legislations

- **Electric Power Corporation Act 1980**
- **Electricity Act 2010**
- **Public Bodies (Performance and Accountability) Act 2001**
- **Public Finance Management Act 2001**
- **Companies Act 2007**
- **Labour and Employment Act 1972**
- **Diesel Power Station Act 1965**
- **Occupational Safety and Health Act 2002**

Regulations

- **Rural Electrification, December 1988**
- **New Zealand Wiring Regulations (Standard) 1976**
- **Electric Power Corporation Practice Directions 1981,**

The Corporation has the necessary legislations and powers to carry out its functions as the entity responsible for the generation, transmission and distribution and selling of electricity in Samoa.

2. ORIGIN AND RATIONALE

2.1 CONTEXT OF THE ELECTRIC POWER CORPORATION

In 1972, the Corporation was legally mandated and endowed with the necessary powers to generate, transmit, distribute and sell electricity to the people of Samoa at the lowest possible cost, with a view to the overall development of the country. The Corporation is to also deliver optimum energy solutions in a customer-friendly manner through innovative use of all types of energy sources in Samoa. Therefore, the Corporation needs to ensure that adequate new power capacity is planned for and built, to meet the expected future demand for electricity in Samoa at minimum cost. From its simple beginnings 40 years ago in supplying electricity exclusively to the Apia township, the Corporation as the major provider of electricity now provides power to 98 percent of the population of Samoa. Amidst many challenges, controversies and constraints, the Corporation continually strives to improve its overall performance to fulfill its core functions and strategic results to all its stakeholders in Samoa.

The general policies of the Corporation are determined by a Board of Directors, consisting of seven (7) members:

- Fa'aolesā Katopau Ainu'u (Chairman)
- Fiu Peni Asi
- Ulumalautea Papalii J Ryan
- Leiataua Darryl Clarke
- Fiu Taligi
- Ale Vena Ale

- Fanene Mark Betham
- Chief Executive Officer - Ministry of Finance (ex-officio Director)

The Corporation is committed to introducing and implementing coherent actions aimed at improving productivity, quality management practices and customer service and ultimately, reducing costs and system losses from the generation, transmission, distribution and utilization of electricity supply.

2.2 VISION AND MISSION STATEMENT

The Corporation's operation plays a vital role in the development of Samoa's economy – *the power of a nation*, has a significant impact on all sectors of the community. Therefore, it is crucial that the reliability and quality of electricity is achieved at high standards but at minimum cost.

In alignment with this challenge, our Vision is:

Clean energy sources for affordable and sustainable electricity supply for Samoa

And our Mission in the next three years is:

To provide and maintain quality electricity services through innovative, sustainable and environmentally sound practices in developing renewable energy sources, generation and distribution infrastructure network, in partnership with customers and stakeholders, to support the development of Samoa

This Corporate Plan 2013-2015 articulates the Corporation's strategic results and priorities for the next three years and its vision for the foreseeable future. The Corporation's strategic results are designed to improve the quality of life of Samoan citizens through the effective, efficient, sustainable and quality supply of electricity.

The Corporation is currently performing most of its non-core functions with the exception of the Upolu streetlights installation to complement its main core functions. Pending thorough review, the potential non-core functions outlined below, if proven cost effective, can be outsourced:

- Installation and maintenance of generation equipment,
- Installation of some distribution and utilization equipment,
- Repairs and maintenance of Transmission and Distribution network,
- Tree Clearing,
- Clearing of head races and penstocks,
- Repairs and maintenance of intakes, head races, head ponds, dams and penstocks,
- Major carpentry works,
- Construction of new HV and LV extensions,
- Cashiers and cash power vending,
- Repair and maintenance of motor vehicles, and
- Perform Government Community Service Obligations (CSOs).

3. MAJOR OBJECTIVES

The major objectives have been formulated according to the key areas identified. This will ensure that a more focused approach will be implemented in the July 2012 - June 2015 period.

The Corporation's main objectives are:

1) Generation

Sufficient generation capacity available and maintained at all times (24/7) and reduction of power outages.

2) Distribution and Transmission

Network effectively designed, constructed, operational and maintained.

3) Sales and Marketing

Revenue and debt collections enhanced and sustained and Customer Services and complaints management improved.

4) Utilization

Electricity supply connected, utilized and maintained effectively and electricity consumption accurately and effectively metered.

5) Renewable Energy

Dependency on imported fossil fuel reduced.

6) Executive

EPC efficiency, sustainability and stability assured through effective strategic direction and leadership, and stringent overall monitoring and evaluation of all strategic results.

7) Business Support Services

EPC business efficiency, sustainability and stability enhanced and maintained through prudent financial and cash flow management, effective Human Resources (HR) and Asset Management, Information, Communication and Technology (ICT), Legal, Policy, Planning, Monitoring and Evaluation, Audit and Investigation services.

4. SUMMARY OF KEY PERFORMANCE INDICATORS

The below key performance indicators (KPI's) further details the extent in which the major objectives will be measured by throughout the Corporate Plan period July 2012 – June 2015. This includes the first four KPI's which EPC is obligated under the Public Bodies (Performance & Accountability) Act 2001, while the other KPI's are strategic in enabling EPC to achieve its Vision.

	KEY PERFORMANCE INDICATORS	TIME FRAME
1	Approved Corporate Plan 2015-2017	June 2014
2	Table SCO 2015-2017 to Parliament	Mid June 2014
3	Audited Annual Report to MOF	By end of October annually
4	Quarterly Reports to MOF	30 days after end of quarter
5	35% of electricity produced from renewable energy sources	June 2014
6	75% of electricity consumers converted to prepayment meters	June 2014
7	Reduce System losses by 4%	June 2014
8	Reduce Accounts Receivable Days to 40 days	June 2014

5. SPECIFIC PROJECTS

In alignment with its Vision and Corporate Plan strategic results, some of the major development projects projected for the next three years are as follows, including project funded under PSEP, and donors.

	POWER SECTOR EXPANSION PROJECT	TIME FRAME COMPLETION
1	Hospital Feeder Upgrading Stage 2	June 2013
2	Fiaga Diesel Power Station Project	June 2013
3	33kV Transmission Line – Fiaga Plant to Fuluasou Substation	June 2013
4	33kV Underground Transmission Line – Fuluasou Substation to Tanugamanono Station	June 2013
5	Underground Transmission Line from Alaoa and Fale ole Fee hydro plants to the Tanugamanono Station	June 2013
	DONOR FUNDED	
6	4 MW PV system by Japanese Government	Dec 2013

	OTHER PROJECTS	
7	Solar Samoa Ltd 4MW capacity (7.2GWH energy) from PV System begins supply to EPC	Dec 2013
8	BioGen 3 - 4MW capacity (31 GMWH energy) from biomass begins supply to EPC	Dec 2013
9	4MW Wind Project	June 2015
10	4MW Biodiesel Project	June 2015
11	4MW Solar Project	June 2015
12	5MW Hydro Project	June 2015

6. SUPPORT FOR GOVERNMENT POLICIES

The Corporation has supported the overall national plan, the Strategy for the Development of Samoa (SDS) through the Community Service Obligation (CSO) projects, previously known as the Rural Electrification Project. Since the commencement of this project from December 1989, the Corporation has performed its support for Government policies through:

Economic Infrastructure

- Construction of distribution lines in the rural areas.
- Installation, repair and maintenance and consumption of street lights around the country.
- Upgrading of distribution lines for construction of some new hotel projects.

The Corporation's involvement in these CSO projects has realized the SDS's Vision of *"Improved Quality of Life for All"*. The total Rural Electrification Project cost from December 1989 to April 2010 was over \$50 million.

We outline hereunder Project costs incurred relating to the Corporation's current support to the Government under the CSO for the years ended 2011/2012 and 2012/2013:

Description:	Actual	
	2012/2013	2011/2012
Rural Electrification Project	1,500,000	500,000
Streetlight Installation	200,000	500,000
Streetlight Consumption	3,368,140	2,268,140
Streetlight Repair & Maintenance	0	800,000
Electricity Bill – Mapuifagalele	48,000	48,000
VASGT Fuel Subsidy	6,500,000	6,500,000
TOTAL FUNDING FOR CSOs	11,616,140	10,616,140

**7. EPC DIVIDEND FORECAST
FIVE YEAR PERIOD
FROM 1ST JULY 2010 TO 30TH JUNE 2015**

(in thousands of currency units)		Actual 2010 - 2011 (\$)	Budget 2011 - 2012 (\$)	Budgeted 2012 - 2013 (\$)	Projected 2013 - 2014 (\$)	Projected 2014 - 2015 (\$)
EQUITY						
Capital and Reserves						
Issued Capital		103,829	105,031	108,171	111,366	112,866
Reserves		61,960	61,960	61,960	61,960	61,960
Retained Earnings / (Accumulated Losses)						
at beginning		202	1,429	11,750	20,643	28,363
<i>Net Profit for the year</i>		1,227	11,212	8,945	7,876	8,988
Retained Earnings / (Accumulated Losses)						
at the end		1,429	11,750	20,643	28,363	36,982
Total Equity		167,218	178,741	190,774	201,690	211,809
Adjusted Net Profit for the year		(8,337)	1,782	103	312	737
Dividend based on 50% of Adjusted Net Profit		** 0	** 891	** 52	** 156	** 369

Dividend is calculated on Adjusted Net Profit Amount based on the approved modified formula as approved by Cabinet in July 2010. The proposed dividend payable are provisional figures based on budgets from the FY 2012-2015