

REPUBLIC OF VANUATU

BILL FOR THE ELECTRICITY SUPPLY (AMENDMENT) ACT NO. OF 2024

Explanatory Note

This Bill amends the Electricity Supply Act [CAP 65] (“the Act”).

The Act mainly provides for the generation and supply of electricity within an electricity concession area. This includes the processes of awarding an electricity concession to a concessionaire and granting a license to an Independent Power Producer (IPP).

However, currently as it stands there are some loop holes within the Act that have been identified by the Department of Energy and therefore it is essential to make changes to the Act.

This amendment provides for strict requirement on the concessionaire to collaborate with investors (local/foreign) in Vanuatu intending to set up as IPP once they have received license from the Government. Since 2019, the Act allows IPP to enter Vanuatu’s electricity market to increase renewable energy share into the concession grids, however there has been no license issued yet by the Government for an IPP. This amendment will ensure that whenever the Government grants a license to a person to operate as an IPP within a Concession area, the concessionaire must take all necessary measure to accommodate the IPP to receive the supply of electricity from an independent power producer.

The amendment further addresses the issues that arises between a concessionaire agreement and the provisions of the Act. As it stands, the Act provides that the provisions of the Act are subject to the terms of a concessionaire agreement entered into between the Government and a concessionaire. This has caused a lot of challenges for the Government. This amendment addresses this by providing that any concession agreement that is made under the Act must be subject to the provision of this Act and if in case any conflict arises the provision of this Act prevails.

The amendment will further address the increase in the installation of solar system in households within the electricity concession areas especially in Port Vila and Luganville. While the Act permits solar home installation in concession areas for self-use, there is the need that solar home system installations in concession areas be regulated as too many installations will influence the tariff and the grid stability. The need to regulate the solar home system installations in concession areas is addressed in this amendment by providing

that the Minister on the recommendation of the Director prescribe the requirements and standards for the generating and use of electricity in a concession area.

Minister of Meteorology, Geological Hazards and Climate Change



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(AMENDMENT)
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An Act to amend the Electricity Supply Act [CAP 65].

Be it enacted by the President and Parliament as follows-

1 Amendment

The Electricity Supply Act [CAP 65] is amended as set out in the Schedule.

2 Commencement

This Act commences on the day on which it is published in the Gazette.

SCHEDULE

AMENDMENTS OF ELECTRICITY SUPPLY ACT [CAP 65]

1 Subsections 1B(1) and (2)

Repeal the subsections, substitute

- “(1) A concessionaire must receive the supply of electricity from an independent power producer or a person under section 4A.
- (2) A concessionaire in receiving the supply of electricity under subsection (1), must enter into a power purchase agreement with the independent power producer or a person under section 4A.”

2 After subsection 1B(4)

Insert

- “(5) The Minister may, on the recommendation of the Director, prescribe the requirements and standards for the supply of electricity the concessionaire is to receive under subsection (1).”

3 Section 2

Repeal the section, substitute

“2 Concession agreement

- (1) A concession agreement made under this Act is subject to the provisions of this Act.
- (2) If there is any conflict or discrepancy between the provision of a concession agreement referred under subsection (1), and a provision of this Act, this Act prevails.
- (3) To avoid doubt, subsection (2) does not apply to any concession agreements made prior to the commencement of the Electricity Supply (Amendment) Act No. of 2024.”

4 Subsection 4(3)

Repeal the subsection, substitute:

“(3) Subsection (1) does not apply to any actions of the Government under the Supply of Electricity (Districts) Act [CAP 96].”

5 After section 4

Insert

“4A. Generating of electricity by any other person

- (1) For the purpose of this section “generate electricity” means generating electricity from solar and other renewable energy generating technologies.
- (2) Despite section 4, any other person may generate electricity in a concession area for the person’s dwelling house, store, workshop or other facility, vehicle or vessel.
- (3) The Minister may, on the recommendation of the Director, prescribe the requirements and standards for the generating and use of electricity under subsection (2).”