**Supporting COVID19 Recovering through Investments in Sustainable Energy**

**2nd September**

**Melanesian Hotel, Port Vila, Vanuatu**

Background

The Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) has been established to play a key role in promoting and supporting private sector investments in renewable energies (RE) and energy efficiency (EE) in the Pacific region. PCREEE is hosted by the Pacific Community (SPC) under the Geoscience Energy and Maritime (GEM) Division. The Centre receives key technical support from the United Nations Industrial Development Organisation (UNIDO) and financial assistance from the Austrian Development Agency (ADA) and the Norwegian government. PCREEE is a member of the Global Network of Regional Sustainable Energy Centres (GN-SEC) and focuses on the up-scaling and replication of national efforts, support to the private sector and industry and targeted Renewable Energy and Energy Efficiency (RE&EE) Programmes.

PCREEE has identified four (4) Programmes that will be the focus of PCREEE´s actions in the region, including:

1. **RE&EE Business Start-Up and Entrepreneurship Support**, including differentiated support to entrepreneurial RE&EE businesses across the enterprise development life cycle (start-up, early-stage, growth, and maturity);
2. A regional **E-vehicles (EV) Readiness Program** aiming to prepare the Pacific Island Countries and Territories (PICTs) for the eventual uptake of EV technology by developing a stable base of capability and capacity in the region;
3. **A RE Mini-grid Programme for the PICTs (REMPP)** designed for PCREEE to overcome identified gaps in the market to promote mini-grid renewable energy development. The programme includes measures to address market intelligence, capacity building, and Public and Private Partnerships and guidelines and an Operation and Maintenance (O&M) Platform; and
4. **Energy efficiency investments** aimed at enhancing the competitiveness of manufacturing industries in the Pacific Region by improving and harmonizing national policies and regulatory frameworks and institutional capacity building for domestic, industrial, and commercial EE and the implementation of energy management systems.

The Department of Energy (DoE), through the Ministry of Climate Change and Natural Disasters (MoCC) is the energy sector focal point in Vanuatu. The National Energy Road Map (NERM) 2016-2030 which contains the energy targets and policies provides guide on how energy programmes should be delivered. The NERM identifies five priorities of the energy sector which are; access, petroleum supply, affordability, energy security and climate change. It sets out objectives, targets and actions to achieve these priorities and contribute to the vision of the NERM. The NERM also has an Implementation Plan with key activities aiming at achieving the targets of the NERM.

Vanuatu is blessed with vast renewable energy potential including solar, hydropower, geothermal, tidal, wind and biomass. These RE potentials are however untapped. At present, access to electricity is still considered very low. With a growing population of 300,000 people, only less than 30% of them are connected to the electricity grid. Most people are connected to solar PV systems providing lighting and basic mobile charging.

The Utilities Regulatory Authority (URA) of Vanuatu was established in 2008 by an Act of Parliament and is the economic regulator for electricity and water service providers throughout Vanuatu. The Authority is responsible for ensuring that maximum access to related services is attained, services are safe, reliable and affordable and that the long-term interest of customers are protected.

The low access to electricity, the untapped renewable energy resources and the large population presents a huge challenge in Vanuatu’s effort to fight the covid19 pandemic and other natural disasters. On the flip side of it, the situation also presents great investment opportunities in the sustainable energy market for Vanuatu.

In September 2019, PCREEE and the Department of Energy jointly organized a National Energy Dialogue (NED) where the meeting took stock of the status of the NERM, progress, challenges and opportunities. Thereafter PCREEE supported DoE to set-up the Sustainable Energy Association of Vanuatu (SEAV) by developing the SEAV Constitution and convened the first Annual General Meeting (AGM) to elect the office bearers.

One of the important recommendations that transpired out of the NED is the need to organize a National Investment Forum (NIF) where project developers and investors can meet and discuss priority projects to achieve the NERM targets. The NIF will also create a platform where the Government can listen and understand from the project developers and investors the barriers to accelerate SE investments in the country.

Therefore, in a joint-collaborative effort and with an effort to contribute to mitigating the covid19 pandemic in Vanuatu and the region and fast-track investments in Sustainable Energy, the DoE, URA and the PCREEE will be conducting a Sustainable Energy Forum in Port Vila Vanuatu on 2nd September 2021. While the Forum will be conducted in Vanuatu, other Pacific Island Countries will also be invited to join virtually.

The NIF is complementary to the on-going initiatives within the Department of Energy and other PCREEE related support to the Vanuatu Government on Sustainable Energy including the trainings on renewable energy, electric mobility and support on entrepreneurship and business start-ups.

Forum Objectives

The forum will cover an introduction and overview designed for private sector participants who have an interest in exploring investing in the energy sector in Vanuatu and the Pacific Islands. The forum will specifically cover renewable energy and energy efficiency asset classes which are aligned to the PCREEE’s Programmes in the region. The forum will seek to introduce a selection of these asset classes at a high-level, introduce the considerations associated with evaluating them, outline the available resources for support and introduce practical examples of completed investments in the region.

Vanuatu and the Pacific Islands energy sector has a growing need for greater financial investment and involvement, including from private sector participants. The region is expected to have a large and growing capital need which will be driven by (i) ambitious renewable energy and Greenhouse Gas (GHG) emission targets (ii) unmet electricity needs (in selected countries and regions) and (iii) a desire to transition to more economical and sustainable sources of generation and to improve energy efficiency (across industry and buildings, and the public and residential sectors).

The Vanuatu Nationally Determined Contributions (NDCs) including NDCs of other PICs will be the key catalyst for further investment in the RE and EE sectors. A high-level overview of the NDCs from Pacific Developing Member Countries, is shown below:

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| **Selected Pacific Island Countries and Territories** | **NDC renewable energy target and year[[1]](#footnote-1)** | **Renewable energy generation[[2]](#footnote-2)** | **Installed RE capacity[[3]](#footnote-3)** | **Estimated incremental RE capacity needed[[4]](#footnote-4)** | **Estimated investment (USDm) [[5]](#footnote-5)** |
| Cook Islands (S) | 100% by 2020 | 11GWh (26%)  | 7MW (28%) | 18MW to 22MW | US$50 – 60m |
| Federated States of Micronesia (S) (W) | >30% by 2020 | 3GWh (5%) | 3MW (9%) | 51MW to 63MW | US$140 – 175m |
| Fiji (H) (B) (W) (S) | 100% by 2030 | 642GWh (60%) | 212MW (59%) | 127MW to 155MW | US$350 – 430m |
| Kiribati (S) | 23 – 40% by 2025 | 5GWh (17%) | 3MW (30%) | 21MW to 27MW  | US$60 – 75m |
| Marshal Islands (S) | 20% by 2020 | 2GWh (2%) | 2MW (5%) | 88MW to 108MW | US$245 – 300m |
| Nauru (S) | 50% by 2020 | 1GWh (2%) | 1MW (5%) | 44MW to 54MW | US$120 – 150m |
| Niue (S) | 80% by 2025 | <1MW (14%) | 1MW (31%) | 5MW to 7MW  | US$15– 20m  |
| Palau (S) | 45% by 2025 | 2GWh (2%) | 1MW (4%) | 44MW to 54MW | US$120 – 150m |
| Papua New Guinea (H) (G) (B) (S) | 100% by 2030 | 1,318GWh (62%) | 333MW (32%) | 184MW to 224MW | US$510 – 620m  |
| Samoa (H) (S) (W) | 100% by 2025 | 64GWh (42%) | 28MW (47%) | 35MW to 42MW | US$100 – 120m |
| Solomon Islands (S) (B) (H) | 79% by 2030 | 7GWh (6%) | 4MW (5%) | 56MW to 69MW | US$160 – 190m |
| Tonga (S) (W) | 50% by 2020 | 7GWh (10%) | 8MW (30%) | 65MW to 79MW | US$180 – 220m |
| Tuvalu (S) | 100% by 2020 | 2GWh (23%) | 3MW (42%) | 9MW to 11MW  | US$25 – 30m |
| Vanuatu (W) (S) (B) (H) | 100% by 2030 | 17GWh (22%) | 10MW (30%) | 32MW to 39MW | US$90 – 110m |

1. Sourced from IRENA statistical profiles [↑](#footnote-ref-1)
2. Renewable energy generation in 2018 [↑](#footnote-ref-2)
3. Installed capacity as at 2019 [↑](#footnote-ref-3)
4. PCREEE estimate to meet 100% RE generation, assuming a constant RE mix and historical capacity factor [↑](#footnote-ref-4)
5. PCREEE estimate [↑](#footnote-ref-5)