

PACIFIC COMMUNITY

FIFTH PACIFIC REGIONAL ENERGY AND TRANSPORT MINISTERS' MEETING

(Port Vila, Vanuatu, 8-12 May 2023)

AGENDA ITEM E14A - PETROLEUM PRICING IN THE PACIFIC

[Jointly submitted by Hale & Twomey Limited and the Pacific Islands Petroleum Regulators (PIPR)]

Purpose

1. The purpose of this paper to provide an update on petroleum activities and to request for funding support for work in petroleum pricing and procurement in multiple Pacific Island Countries and Territories (PICTs).

Background

2. The PICTs import relatively small petroleum volumes, are located at the end of a complex supply chain. Regulators often lack the skills, experience and information to negotiate and manage reasonable oil supply agreements in a changing commercial environment. It can also be difficult to ensure safe operations and management of aging bulk storage facilities, both state and privately owned (Review of the Framework for Action on Energy Security in the Pacific FAESP 2010-2020, October 2019).
3. The fourth meeting of the Energy and Transport Ministers in 2019, recognised the need to strengthen the regional petroleum advisory service at SPC to better serve the needs of PICTs and called on development partners to immediately assess and support the delivery of this regional petroleum advisory service, and noted the importance of data for evidence-based policies and reporting and the new funds that are required for the Pacific Regional Data Repository (PRDR) and energy efficiency.
4. Since 2017, SPC's petroleum advisor position has been vacant, and the last Pacific Fuel Price Monitor was published in March 2019. As a result of the gaps in petroleum advisory services and data hub, Hale & Twomey Limited conducted the first regional petroleum pricing and procurement conference in 2016 in Wellington New Zealand. The conference was a great success and since then become an annual event.
5. Hale & Twomey Limited (H&T) is a professional energy consultancy providing strategic advice and services to the energy sector with a focus on crude oil, condensates, gases (natural gas, LNG, CNG, LPG), petroleum products, biofuels and other energy products. Our client base includes major energy companies, governments, and companies associated with the sector in New Zealand, Australia and the Pacific Islands.

Issues/Highlights


6. Petroleum fuel remains a critical need for all PICTs, and it is important that supply remains secure, affordable and safe as countries transition to alternative fuels. The Pacific Islands Petroleum Regulators (PIPR) need support to receive training and capacity building, and to develop a forum for sharing information with energy regulators in the region.
7. The PIPR include officials from 14 countries as follows: American Samoa, Cook Islands, Fiji, Federated States of Micronesia, Republic of Marshall Islands, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Vanuatu. Of these 14 member



countries, Fiji, Kiribati, Tonga and Papua New Guinea petroleum regulators are also members of the Office of the Pacific Energy Regulators Alliance (OPERA) hence they are eligible for funding for capacity development. However, OPERA business plan from 2021-2026 is limited to power utility regulations and does not cover petroleum regulations. It is worth noting that OPERA's mandate can be broaden in the future to cover all energy regulations including petroleum.

8. To date, H&T has completed three face-to-face Petroleum Pricing and Procurement workshops, four webinars and published nine regional fuels market reports. These activities were supported by our clients in the Pacific. However, due to funding constraints, Haley & Twomey had to work around its commitments to provide these services to its clients.
9. Based on the feedback on Haley & Twomey activities in the region, the types of support and capacity building required for the petroleum regulators include:
 - i. Establishment and support for a Pacific Island Countries' petroleum regulation forum.
 - ii. Training courses on petroleum pricing structures, tendering processes and associated regulatory structures (both on-line and in person when travel is safe).
 - iii. Support for ensuring suitable security of supply for petroleum products.
 - iv. Developing standards relating to petroleum infrastructure and fuel quality (e.g., common specifications, engineering, and terminal masterplan).
 - v. Regular communications/on-line webinars.
 - vi. Support for a central database for liquid fuel and liquefied petroleum gas (LPG) price benchmarking; and
 - vii. Annual conferences to share experiences and further training.


Recommendations

10. The meeting is invited to:
 - i. **endorse** the Petroleum Pricing Regulators forum and encourage development partners to fund ongoing technical and administration of the PIPR forum.
 - ii. **encourage** all PICTs to share their experience, knowledge transfer and capacity development on fuel price templates, verification, regulation and other petroleum related matters.
 - iii. **encourage** OPERA to consolidate energy regulations in the PICTS and expand its objectives and mandate to include petroleum regulations and for PIPR to become OPERA members in the future.

Name	Position	Country	Signature
Louis Enoka	President Price Tribunal	Cook Islands	

	GM Operations	Fiji	
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Angeline C. Heine-Reimers	Director of National Energy Office	RMI	
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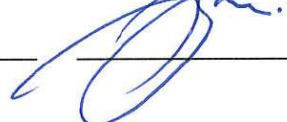
Novena Itsimaera	Secretary for Finance	Republic of Nauru	
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Mr George Valiana - General Manager - NIUE Island			 23/10/2020
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Name	Position	Country	Signature
Sione Lousiale Kava	Petroleum Officer	American Samoa	

GEOFFREY DAN HOU'UA **DIRECTOR**

Sandra dee fifti	Director Consumer Protection	TONGA	
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ANTONY. GARAE	DIRECTOR	VANUATU	
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Shem Livai	Chief Commercial Officer	Marshall Energy Company	 Kommol tata, Shem Livai CCO
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