



Office of the National Authorising Officer (NAO) for the European Union – TONGA

**Workshop on TERM Plus Updates
25 August 2021**



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EU Support to the Tonga Energy Sector



- Introduction of the EU-NAO's Office Staff and Office
- 10th EDF = EUR 7,488,000.00

Start: 25/03/2013 End: 25/03/2019

- 11th EDF = EUR 11,990,000.00

Start: 11/05/2016 End: 11/05/2022

- Budget Support = **Eur 10mill**
- Multi Annual Programme Estimate (Energy Bill TA) = Eur 1.1mill
- B-Envelope TC Gita – NNUP Area 3 approx. Eur 2mill
- Total Financial Contribution = approx. Eur 20 mill



Activities under the 11th EDF

- Tonga Energy Bill
- Annual Energy Stakeholders meeting and development partners meeting
- Support the energy sector eg Energy Bill consultations including outer islands
- Support to Civil Society: Tonga Community Development Trust TOP 204,082 for 24months
'Strengthening Community Awareness on Renewable Energy and Efficiency in Tonga'



Evaluation of the Budget Support and Way Forward

- Evaluation of Budget Support: EU is looking to conduct this for the 10th & 11th EDF for best practices.
- Forward thinking: Post Cotonou Agreement (Neighbourhood, Development and International Cooperation Instrument NDICI instead of European Development Fund EDF)
- Tonga's Priority for the next EU Agreement: Focal sector = Energy.
- Tonga's proposed Non focal areas= Education & Border Management but available facility is not confirmed yet by EU.

| Indicator | Year 2 (2022/23) | | Year 3 (2023/24) | | Year 4 (2024/25) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------|--|
| | Targets with their amount | | Targets with their amount | | Targets with their amount | |
| 1. Energy institutional framework <i>Electricity commission in place (2020) – 4 Commissioners appointed.</i> <i>Energy Advisory Committee and technical committees not existing.</i> | Energy Commission members appointed + General Energy Regulation(s) adopted | | Advisory Committee established + 4 Technical sub-committees of the Advisory Committee established | | n/a | |
| 2. Renewable Share of Generated Electricity <i>13.54% renewable energy of total electricity generated in 2020 (January 2020 to December 2020)</i> | n/a | | n/a | | 25% renewable energy of total electricity generated in 2024 | |
| 3. Renewable Energy Regulations <i>Grid code applied on a voluntary basis, by-laws governing Terms and Conditions of supply (2016), Electricity Concession Contract (2015) but no Renewable Energy regulations in place</i> | n/a | | n/a | | Renewable Energy Regulation(s) adopted by Cabinet | |

| Indicator | Year 2 (2022/23) | | Year 3 (2023/24) | | Year 4 (2024/25) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--|----------------------------------------|
| | Targets with their amount | | Targets with their amount | | Targets with their amount |
| 4. MEPSL regulations No regulation in place | n/a | | n/a | | MEPSL regulation(s) adopted by Cabinet |
| 5. Carbon Pricing <i>Electricity receives favourable tax treatment, as well as implicit subsidies. Electricity is zero rated under the consumption tax, hence there is no tax on sales of electricity, but electricity providers receive a tax credit for any consumption tax paid for their inputs.</i> | n/a | | n/a | | Carbon Pricing measure implemented |
| 6. JPRM triggers <i>New Joint Policy Reform Matrices to be agreed between the Government of Tonga and the Development Partners providing budget support (currently WB, ADB, MFAT, DFAT and EU)</i> | 4 JPRM triggers met by March 2023 (triggers for FY 2022/23) | 4 JPRM triggers met by March 2024 (triggers for FY 2023/24) | 4 JPRM triggers met by March 2025 (triggers for FY 2024/25) | | |



EU Funding Commitment

- NDICI 2021-2027: Focal Sector in Tonga is Renewable Energy
- EU commitment is for the implementation of the Energy Bill.
- Implementation in 2 phase:
 1. 2021-2024 = Eur 10 Mill
 2. 2025-2027 = will determine according to target met.
- Decider= Approval of the Energy Bill 2021 & TERM Plus with a M&E Framework

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