NINTH OLBIIL ERA KELULAU

Seventh Regular Session, July 2014

RPPL No. 9–54 Passed as Senate Bill No. 9-124, SD2, HD1

AN ACT

To amend Title 37 of the Palau National Code to establish an Energy Administration and provide a regulatory framework for the energy sector, and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIL ERA KELULAU DO ENACT AS FOLLOWS:

Section 1. Legislative findings. The Olbiil Era Kelulau finds that there is a need to organize the energy sector in the Republic in order to promote energy security by diversifying the supply of affordable electrical energy within Palau, including renewable energy, and enhancing safety practices. There is also a need to monitor, evaluate and report on the performance, progress and achievements of the Palau energy sector. While the existing Palau Energy Office has played an important role on energy policy issues, the scope of that office's responsibilities has been limited and is not established by law. This bill provides a statutory mandate for the Energy Administration and both defines and broadens its regulatory responsibilities regarding the energy sector. Among other things, this bill incorporates into law the National Energy Policy that was issued by the previous administration, defines the overriding objectives that the policy must serve, and makes the Energy Administration responsible for developing and updating it. This bill helps advance the regional effort of Pacific island nations to become energy-secure and develop sustainable sources of clean and affordable energy.

Section 2. <u>Amendment.</u> Title 37 of the Palau National Code is amended to add a new Chapter 7 which states as follows:

"Chapter 7

Palau Energy Act

20 § 701. Short title.

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21 § 702. Intent and purpose.

22 § 703. Definitions.

§ 704. Energy Administration; establishment, duties and powers.

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§ 705. National Energy Policy. 1 § 706. Palau Annual Energy Report. 2 § 707. Independent Power Producers. 3 4 § 708. Electricity tariffs. § 709. Energy efficiency. 5 § 701. Short title. This Chapter will be known and may be cited as the "Palau 6 7 Energy Act of 2015". § 702. Intent and purpose. The intent and purpose of this Chapter is to 8 establish a comprehensive national framework to improve energy security by 9 10 diversifying the supply of energy to the people of Palau, including renewable-energy, and promoting progressive policy development and implementation by a more 11 robust, cost-effective, and efficient Energy Administration. 12 § 703. Definitions. In this Act: 13 (a) "Central electricity grid" means the electricity infrastructure that is 14 operated by the Palau Public Utilities Corporation for the purpose of supplying 15 electricity to customers in Koror, Babeldaob, Iouldaob, and the outer islands. 16 (b) "Energy Administration" means the key agency within the executive 17 branch of the Government of Palau with responsibility for the regulation of the 18 energy sector. 19 (c) "Energy Monitoring, Evaluation and Reporting Framework" or "EMER 20 Framework" means the framework for monitoring, evaluating and reporting on the 21 performance, progress and achievements of the Palau energy sector. 22 (d) "National Energy Policy" or "NEP" means the policies that are developed 23 24 and declared by the Government of Palau in relation to the energy sector. This includes relevant regional or international agreements that are adopted by the 25 Government of Palau. 26 (e) "Energy sector" means the Palau energy sector, including the 27 infrastructure, stakeholders and institutions that are directly or indirectly involved in 28 29 the importation, storage, transformation, delivery, and usage of energy resources and 30 services. Page 2 of 8

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1	(f) "FAESP" means the Framework for Action on Energy Security in the
2	Pacific: 2010–2020.
3	(g) "Government green fleet efficiency standards" means the fuel emissions
4	standards that the Energy Administration establishes for the fleets of relevant
5	government agencies.
6	(h) "Grid connection" means the process of generating electricity for the
7	purpose of exporting it to the central electricity grid.
8	(i) "Independent Power Producer" means a person or entity that enters into a
9	commercial agreement (the Power Purchase Agreement) with PPUC for the supply of
10	energy to the central electricity grid.
11	(j) "Minister" means the Minister of Public Infrastructure, Industries and
12	Commerce.
13	(k) "PIFACC" means the Pacific Islands Framework for Action on Climate
14	Change.
15	(l) "Power Purchase Agreement" means a commercial agreement between an
16	Independent Power Producer and PPUC that specifies the terms and conditions
17	under which PPUC shall compensate the Independent Power Producer for exporting
18	electricity to the central electricity grid, including the price PPUC will pay and the
19	duration of the agreement.
20	(m) "PPUC" means the Palau Public Utilities Corporation.
21	(n) "President" means the President of the Republic of Palau.
22	(o) "Renewable energy" means energy derived from renewable sources, such
23	as_solar power, water power, or wind power.
24	(p) "Tourism marine vessel efficiency standards" means the fuel emissions
25	standards that the Energy Administration establishes for marine vessels used by
26	private tourism operators.
27	(q) "UNFCCC" means the United Nations Framework Convention on Climate
28	Change.
29	§ 704. Energy Administration; establishment, duties and powers.
30	(a) There is established an Energy Administration which shall:

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1	(1) be a separate entity within the Ministry of Public Infrastructure,
2	Industries and Commerce;
3	(2) be responsible for the proper and effective administration of this
4	Act; and
5	(3) report to the Minister on its key regulatory responsibilities.
6	(b) The general duties and powers of the Energy Administration are to:
7	(1) monitor all energy-related matters in the Republic and prepare the
8	Palau Annual Energy Report, as specified by Section 706 of this Act;
9	(2) provide advice on matters of energy sector policy and
10	implementation to the President, Minister, and any energy-related institution,
11	including but not limited to PPUC;
12	(3) facilitate energy-related grants in the energy sector;
13	(4) educate the public concerning energy-related matters, as specified
14	by Section 709 of this Act;
15	(5) coordinate maintenance contracts for solar-facilities owned by the
16	Government of Palau; and
17	(6) promulgate regulations necessary to carry out the provisions of this
18	Act.
19	(c) The Energy Administration is responsible for reporting and coordinating
20	with the relevant executive branch climate change office such energy-related climate
21	change information as is specified by applicable international and regional initiatives
22	to which the Government of Palau has made a commitment, including:
23	(1) PIFACC;
24	(2) FAESP; and
25	(3) UNFCCC.
26	(d) The Energy Administration is responsible for setting energy efficiency
27	benchmarks for public utilities such as PPUC and for monitoring and reporting on
28	their performance against such benchmarks.
29	§ 705. National Energy Policy.
30	(a) The Energy Administration will develop and disseminate the NEP. The
31	objectives of the NEP are the delivery of clean, secure, and affordable energy within Page 4 of 8