



Solomon Islands Electricity Authority trading as **SOLOMON POWER**

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RANADI**

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28 March 2025

Honourable Bradley Tovosia MP
Deputy Prime Minister & Minister of Energy
& Rural Electrification
PO Box G37
HONIARA
Solomon Islands

Honourable Manasseh Sogavare MP
Minister of Finance & Treasury
PO Box G26
HONIARA
Solomon Islands

Dear Honourable Ministers,

Subject: Solomon Islands Electricity Authority 2024 Annual Report

In accordance with the State Owned Enterprises Act 2007, Section 14, I have the honour to present to you both the Authority's printed 2024 Annual Report for your consideration and information for tabling in Parliament.

On behalf of Solomon Power, I take this opportunity to thank you both for your on-going understanding and cooperation and look forward to your continuing support.

Yours sincerely,

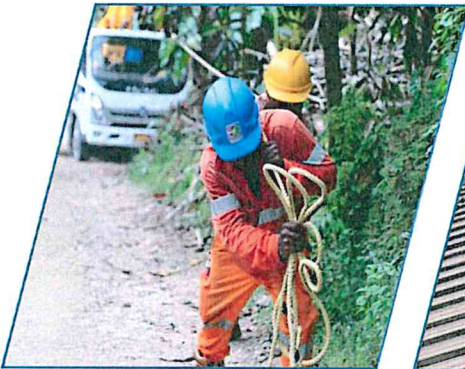
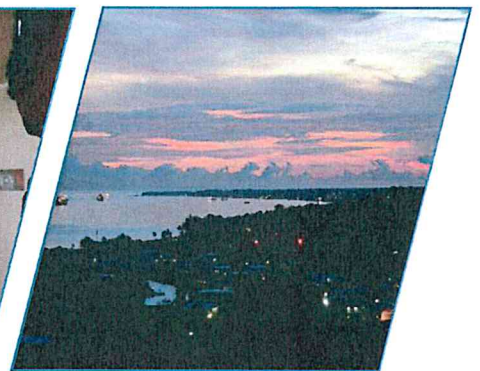
**David K. C. Quan, O.B.E.
Chairman**

Attachment: Printed copy of Annual Report 2024

Cc: Mr. Mckini Dentana, PS, MOFT
Dr. Chris Vehe, PS, MMERE
Mr. David Dennis, Auditor General, OAG
✓Ms. Primula Kingmele, ERU, MOFT
Mr. Gabriel Aimaea, Director of Energy, MMERE
Mr. Samuel Tete, Director Acting, DMU, MOFT



ANNUAL REPORT 2024



MARCH 28, 2025

SOLOMON ISLANDS ELECTRICITY AUTHORITY TRADING AS SOLOMON POWER

Our Vision:
energising our nation.

Our Mission:
To provide a safe, reliable, affordable and accessible supply of electricity to the Solomon Islands

Our Values:

- Respect for our customers and our people
- Improvement through change and innovation
- Meeting our service quality commitments
- Care for the environment
- Individual responsibility for our actions
- Honesty and Trust
- Teamwork

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Letter to the Ministers

Date 28th March 2025

The Honourable Bradley Tovosia MP
Deputy Prime Minister & Minister of Mines, Energy and Rural Electrification
P O Box G37,
Honiara,
Solomon Islands

&

The Honourable Manasseh Sogavare MP
Minister of Finance and Treasury
PO Box G26,
Honiara,
Solomon Islands

Dear Honourable Ministers,

SOLOMON ISLANDS ELECTRICITY AUTHORITY (Trading as Solomon Power) ANNUAL REPORT 2024

On behalf of the Board of Directors of Solomon Power, I have the honour to submit to you both the Authority's Annual Report, in accordance with section 25 (I) of the Electricity Act, Cap 128, and section 14 (1) (a) (b) of the State Owned Enterprises Act 2007.

The report incorporates audited Statement of Accounts and the major developments, activities and achievements of the Authority for the financial period.

On behalf of Solomon Power, I thank you both for your on-going understanding and cooperation and look forward to your continuing support.

Yours faithfully,



David K.C. Quan O.B.E
Chairman

2024 Highlights

- Solar Hybrids
 - Solar Hybrid.ADB and SP-funded Solar Hybrid Systems: Five sites with a total capacity of 2MW are nearing completion at Kirakira, Munda, Malu'u, Tulagi, and Lata; solar energy is already integrated into the grid at certain locations.
 - MFAT and SP-funded Projects: Four solar hybrid systems with a combined capacity of 0.75MW are underway at Hauhui, Namuga, Sasamunga, and Vonunu; site preparation completed for Sasamunga.
 - WB and SP funded solar Hybrid Systems: Design and procurement progressed for projects at Baolo, Bina, Dala, Tingoa, and Visala, adding a total capacity of 1.086MW.
 - BESS Replacements: Procurement initiated for Seghe and Taro Outstations, funded internally by SP.
- WB-funded Grid Solar Projects: Construction of a 220kW rooftop system at Ranadi Head Office and 2MW ground-mounted system at Henderson is complete; testing and commissioning planned for 2025.
- Commence Solomon Islands Renewable Energy Development Project: Includes Henderson Fighter 1 (1MW solar PV), East Honiara Substation Battery Energy storage system (BESS) (5MW/20MWh), Honiara Power Substation BESS (4MW/4MWh), Ambu Solar Hybrid (1.5MW solar PV, 1.0MW/4MWh BESS), and rooftop solar at Su'u National Secondary School and Ruavatu Community High School.
- Buala Hydro Plant: Successfully recommissioned.
- Independent Power Producers: Non-binding memorandum of understanding (MoUs) established to explore renewable energy IPP initiatives in Honiara.
- Land Acquisitions: Additional land secured in West Guadalcanal for a new solar farm. Efforts also underway to acquire additional land in Honiara and provinces to support renewable energy needs at existing outstation
- Tina River Hydropower Development Project. (TRHDP)
 - Solomon Power has taken proactive measures to facilitate the resolution of the longstanding claims by Tina Hydro Limited. Furthermore, SP has fostered discussions with SIG with revising the project commercial operation date (PCOD) to February 2028.
 - Procurement strategy for the transmission lines component was finalised, and preparations for infrastructure works began, with construction targeted for October 2025
 - Continuous stakeholder engagement for all four components of the project
 - Engage with stakeholders on Community Benefit Sharing Program phase 2 – rural electrification for TRHDP catchment communities. This is to be funded by WB, with plans to expand the national grid to Ado, Belaha and Tina Communities
- Installed 20 new low voltage (LV) extensions. Energised 1.812 installations, including 455 subsidised household connections under the Energy Access Program (EAP) at Auki, Gizo, Munda and Noro.
- Commissioned new transformers in key locations like Taba'a and Kongulae and commissioned network extensions in Kirakira, Papaho and Kongulai in Honiara, and Manakwai in Malu'u.
- Officially opened the new Lata Office enhancing service delivery
- Restored two diesel generators (L10 & H2) and commissioned the Lungga Second Power Transformer.
- Reduced outages, with SAIDI dropping to 302.67 minutes, and reduced total losses (Technical and Non-Technical Losses) to 15%.
- Upgraded aging components; ABC cables and ring main units
- Conducted OHS awareness programs, safety training, and procurement of PPE
- Promoted proactive health campaigns, including Pinktober, and strengthened emergency preparedness with firefighting drills.
- Licensed 77 electricians, enhancing expertise and safety compliance.
- Provided subsidized EAP connections for underserved communities.
- Commenced feasibility on fuel hedging program as a mitigation to high volatility in fuel prices and subsequent flow on effects to the fuel tariff.
- Embraced financial sustainability by effectively managing financial resources
- Workforce grew to 324 employees, with over \$1.82 million spent on training and development for more than 200 staff.
- Implemented staff resiliency outreach and recognition programs supporting team well-being.
- Signed Pacific Women in Power Agreement with WB that would provide and enhance structured and strategic approach for women in SP especially in teams of women in leadership and in technical fields.
- Enhanced digital platforms, including Telekom's M-Selen integration for prepaid electricity payments and in house management of the SP Website.

- Participated in the Energy Summit in September 2024
- Cashpower (prepaid) meter upgrade
- Retirement of Chief Executive Officer

Plans for 2025

- Commissioning of ADB/SP funded solar hybrid projects at Kirakira, Tulagi, Munda, Malu'u and Lata
- Progress installations of Solar Hybrid Generation Systems at Hauhui, Namugha, Sasamunga and Vonunu. MFAT & SP funded with total capacity of 0.75MW
- Progress detailed design & start installations of Solar Hybrid Generation Systems at Baolo, Bina, Dala, Tingoa and Visale. WB & SP funded with total capacity of 1.086MW
- Tina Hydropower Development Project. 15MW
 - Continuous stakeholder engagement with SIG, Lenders and THL to address project constraints and support to all four components of the Project.
 - Commence procurement and construction of Transmission Line
 - Commence with CBSP 2
- Acquisition of additional land in Honiara and provinces for Solar Plants
- Progress Procurement and contract award to the Solomon Islands Renewable Energy Development Project: Includes Henderson Fighter 1 (1MW solar PV), East Honiara Substation BESS (5MW/20MWh), Honiara Power Substation BESS (4MW/4MWh), Ambu Solar Hybrid (1.5MW solar PV, 1.0MW/4MWh BESS), and rooftop solar at Su'u National Secondary School and Ruavatu Community High School
- Continued to explore options for Independent Power Producers (renewable energy) as well as Public Private Partnership
- Conduct technical studies grid integration to ensure grid reliability and stability.
- Continue with Lungga Electrical Upgrade Project
- Customer Solar Household
- Continue with planned network extensions
- Continue with EAP, Solomon Power's subsidised household connections to underserved communities
- Battery replacements for Taro & Seghe
- Asset Enhancement/management
- Implementation of a dedicated storage facility for critical spares in Honiara & procurement of critical spares for maintenance
- Commissioning of a Data Centre, Control Centre, and Call Centre Building at Lungga Power Station
- National Grid Code
- Continuous Safety Training for Staff & continuous community safety awareness sessions in the community and as well through Solomon Power's communication platforms such as email, website of through facebook.
- Continue with vegetation management programs
- Continue with inspections prior to energising of any property
- Power quality monitoring of major customers
- Continue with Auki Office Building project
- Commissioning of Green Village - Building Works (Site Prep, Groundworks, Bulk Filling & Compaction, Retaining Walls, Fences and Gates)
- Business Development Unit - other revenue streams
- Appointment of New Chief Executive Officer
- Working with stakeholders to implement outcomes of the Energy Summit 2024 including reduction of Tariff
- Support MMERE with Tariff Study

About Solomon Islands Electricity Authority (trading as Solomon Power)

Who we are

Solomon Islands Electricity Authority (SIEA) trading as Solomon Power is a State Owned Enterprise.

Our objectives

Under Section 4 of the State Owned Enterprises Act, the principal objective of the Company is 'operate as a successful business', and to this end, be:

- As profitable and efficient as comparable businesses that are not owned by the Crown.
- A good employer.
- An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

To meet these objectives, SP strives to

Be as profitable and efficient as comparable businesses by:

- Within the Electricity and State Owned Enterprises Acts, installing, operating and maintaining electricity supply systems that meet the needs of connected customers.
- Developing and implementing capital investment plans, to improve electricity system performance and increase the network coverage of agreed areas.
- Seeking to recover efficient costs of the service provision.
- Improving the efficiency of services, whilst improving asset reliability and availability.

Be a good employer by

- Maintaining a well-qualified and motivated staff.
- Adopting HR policies that treat employees fairly and properly in all aspects of recruitment, retention and employment.
- Promoting a high level of safety throughout the organisation.

Act in a socially responsible manner by

- Building effective relationships with landowners, customer groups and interest groups that are affected by our activities.
- Improving environmental reporting and performance on issues that are caused by our electricity supply activities.
- Incorporating sustainability into our business activities, and working to improve sustainable outcomes in terms of resource management.

Nature and scope of our activities

SP's principal commercial activities, as defined under the Electricity Act, are the

- Generation and distribution of electrical supply to connected customers in approved areas,
- Operation, maintenance and development of assets that are necessary to achieve these outcomes on a long term, sustainable basis,
- Approved expansion of services to increased areas of operation.

Other regulatory functions

The Company is also mandated by the Electricity Act to perform the following regulatory functions:

- Be responsible for the registration of Electrical Contractors.
- Ensure that industries and contractors comply with the Electricity Act and the AS/NZS Wiring Standards, by inspecting all electrical installations before connecting to SP mains.
- Be responsible for the licensing of standby generators, Independent Power Producers (IPPs) and Cogeneration of power.

Members of the Board



Executive Management



Chairman's letter



The year 2024 proved to be another challenging chapter for the Solomon Islands Electricity Authority, trading as Solomon Power. The network experienced two total power outages due to unplanned disruptions and procurement delays. However, thanks to the remarkable in-house expertise of our team and the deployment of emergency generators, Honiara's power generation capacity saw substantial improvement. This enhanced stability in the power supply, reducing disruptions and ensuring that essential services and businesses could continue operating with minimal interruptions.

Solomon Power made strategic investments in maintaining and upgrading critical infrastructure, including generators, ICT platforms, system operations, and distribution networks, both in Honiara and the outstations. Capital infrastructure development advanced significantly, with 44 active projects and 24 in the pipeline, representing a total value of \$1.112 billion., to meet the increasing demand for power across the country.

Despite these challenges, Solomon Power achieved solid financial performance, maintaining its position as one of the country's top-performing state-owned enterprises. A net profit of SBD \$56.2 million in 2024 underscores our resilience and operational excellence.

Guided by our Corporate Strategy for 2022–2027, we remained focused on excelling across five key strategic themes: An Effective Business Model, Financial Sustainability, Robust and Expanded Infrastructure, Engaged Stakeholders, and Commitment to Environmental and Social Safeguards. Our unwavering commitment to providing affordable clean energy has also strengthened our support for the Tina River Hydropower Development Project. This initiative has been meticulously aligned with the national Renewable Energy Roadmap (RERM), SIG's policy framework, and SIEA's strategic goals for renewable energy integration into the Honiara grid. Following the Energy Summit in September 2024, we realigned our plans to support the government's policy of reducing electricity tariffs by 25% by 2027. This objective will be pursued without compromising the safety of our staff, customers, and communities, or our compliance with legislation and regulations.

Our employees are our most valuable asset, and we continued to invest in their development by upskilling, promoting, supporting, and competitively compensating them to ensure Solomon Power is an employer of choice. This approach has enabled our divisions and departments to successfully meet most of their key targets and goals for 2024.

On behalf of the Board of Directors, I extend my heartfelt gratitude to Solomon Power's outgoing Chief Executive Officer, Mr. Martin Sam, for his exceptional leadership during his tenure as CEO and in his prior role as Chief Engineer. We wish him all the best in his well-deserved retirement.

Solomon Power remains steadfast in supporting its shareholder, the Government of Solomon Islands, as it pursues strategic development plans for the energy sector. I would like to express my appreciation to our accountable Ministers—Minister of Finance and Treasury, and Minister of Mines, Energy & Rural Electrification—for their unwavering support to the Board and Management throughout the year.

To our esteemed development partners—Australia, the Asian Development Bank, Japan, New Zealand, and the World Bank—I extend my sincerest gratitude. Your collaboration and support have been instrumental in enabling Solomon Power to deliver vital energy solutions to the people of Solomon Islands.

In closing, I wish to thank the government, our customers, stakeholders, partners, management, staff, and the Directors of the Board for their cooperation and dedication in making 2024 a successful year.

May God bless Solomon Islands from shore to shore.

A handwritten signature in blue ink, appearing to read 'DKQ', written over a light blue horizontal line.

David K.C. Quan O.B.E

Chairman

Chief Executive Officer's letter

The year 2024 was marked by both challenges and progress for Solomon Power. Unplanned outages, including faults with the 33/11kV transformer (TX01) at Lungga, led to total power outages and load shedding in the Honiara City. Despite procurement delays impacting key overhaul schedules, resilience and strategic planning enabled the restoration of critical generators L10 and H2 by midyear. Additionally, the commissioning of emergency generators in late 2023 alleviated capacity shortages, ensuring minimal disruptions to power supply. A comprehensive condition assessment of generators in Honiara provided actionable insights for future maintenance and reliability improvements.



Total capital expenditure in 2024, was 208.5 million, an increase of 33 million or 18% on the prior period reflecting continued investment in infrastructure to support the increase of electricity access, investments in renewable energy and upgrades to our aging equipment. Achievements included completing key network extensions, commissioning major projects such as the East Honiara Substation enclosure and Lungga second power transformer, and securing contracts for ongoing renewable projects for Lata solar hybrid site and Sasamunga solar project. Planning for 2025 commenced, focusing on ambitious renewable energy systems, including a 2MW grid-connected solar project and the Honiara Substation Battery Energy Storage System.

Customer growth and satisfaction remained a priority, with registered customer numbers rising to 28,596. Community awareness programs, vendor partnerships, and improvements in provincial services like the opening of the Lata office enhanced service delivery.

Solomon Power reported strong results, with a 12% increase in net profit to \$56.2 million, supported by strategic cost management and increased investments in renewable energy and network upgrades. The ICT Division also excelled, driving digital transformation and operational efficiency through projects such as the new data center, cybersecurity enhancements, and Starlink connectivity for remote sites.

Safety and compliance efforts were reinforced, though incidents, including electrical shocks, highlighted the ongoing need for improved personal protective equipment and vigilance. Legal proceedings addressed unauthorized land use and asset protection, while compliance initiatives ensured adherence to policies. These efforts collectively demonstrate Solomon Power's dedication to overcoming challenges and achieving long-term sustainability and reliability in energy provision.

The achievements of Solomon Power are attributed to the commitment of its employees. We have a total of 324 permanent staff compared to 314 at the end of 2023, an increase of 3%. Solomon Power strives to ensure it is an employer of choice in ensuring policies are reviewed, staff are engaged in relevant trainings as well as fair recompenses.

I would like to thank the Chairman and the Board Directors for the steadfast leadership in providing strategic guidance to management. Moreover, special appreciation goes to our stakeholders and especially our accountable Ministries; Ministry of Mines, Energy and Rural Electrification, and Ministry of Finance and Treasury for their policy support and guidance during the year.

I would also like to acknowledge the outgoing Chief Executive Officer, Mr. Martin Sam, for his invaluable contributions during his term as CEO of Solomon Power.

Finally, I extend my biggest thank you to our customers for their patronage in 2024. We look forward to another rewarding year in 2025.

May God Bless Solomon Islands, May God Bless Solomon Power

A handwritten signature in blue ink, appearing to read 'Delilah Homelo'. The signature is fluid and cursive, with a large loop at the end.

Delilah Homelo

Chief Executive Officer (Acting)

Report on Operations

Honiara Generation

The year 2024 presented significant challenges for Solomon Power and its dedicated team. Unplanned outages stemming from faults in the 33/11kV transformer (TX01) at Lungga caused two total network power outages and periods of load shedding in the capital city, Honiara.

Procurement challenges, including delays in sourcing critical parts, further impacted the overhaul of our Honiara-based generation fleet. Tasks such as the fuel injection timing adjustment of L6 experienced setbacks. Nevertheless, two of the three diesel generators (L10 & H2) that had been out of service at the start of the year were successfully restored by mid-2024. Despite these hurdles, load shedding was kept to a minimal level, aided by the commissioning of emergency generators hired in November 2023. These units significantly mitigated the generation capacity shortfall, delivering a more stable and reliable power supply for our customers.

In June and July, a comprehensive generator condition assessment was undertaken for all generators in Honiara. This evaluation identified crucial areas for improvement, particularly concerning the operations of generators at the old and new Lungga power stations. Addressing these recommendations will be pivotal in reducing the risk of future outages and ensuring operational reliability.

Proactive servicing and scheduled overhauls have been prioritized to fortify the long-term efficiency of the power generation system, minimizing disruptions and stabilizing power delivery for the benefit of all customers. These efforts underscore our commitment to meeting planned and unplanned maintenance needs in a timely manner.

Towards the end of 2024, crane materials for the Old Power Station Building and Workshop Building were successfully procured. A local contractor has been engaged to disassemble the aging cranes in preparation for the installation of new, state-of-the-art equipment. This project is scheduled to commence in early 2025 and promises to enhance maintenance capabilities, improve safety, and streamline operations within both power stations and workshop facilities.

By the close of 2024, all generators at Lungga and Honiara Power Stations were operational, with the exception of L9 and H1 at Honiara Power Station. Additionally, L8 underwent a major overhaul, marking a critical milestone in our long-term maintenance strategy to boost reliability and performance.

Despite the challenges faced, these achievements reflect Solomon Power's unwavering dedication to its mission of delivering stable and efficient energy solutions to the Solomon Islands.

Generation – Honiara

The deployment of the GRS emergency generators at Lungga in 2024 has notably enhanced Honiara's power generation capacity, significantly stabilizing supply and reducing disruptions. This improvement ensured that essential services and businesses could operate with minimal interruptions. While there were two major outages caused by faults on the 33/11kV TX01, Honiara experienced reduced load shedding compared to 2023.

With maintenance services implemented, most generators are now operational and capable of supporting Honiara's maximum demand of 18.22 MW in 2024, slightly lower than the 18.55 MW recorded in 2023. Continued investment in maintenance, infrastructure upgrades, and contingency planning remains crucial to further strengthening the system's resilience and reliability.

In 2024, the Distribution Department actively focused on system operations and maintenance of distribution networks across Honiara and the Outstations. Below is an overview of the major activities and maintenance achievements:

Major Works in 2024

- **Support for CCECC Road Upgrades** (Town Ground to White River):
 - Relocation of existing assets.
 - Assistance in constructing Feeder 1/Feeder 3 HV overhead network link.
- **Infrastructure Installations and Upgrades:**
 - Installation of a 500kVA transformer for the new Ports Terminal.
 - Construction of 20 new LV extensions.
 - Installation and commissioning of three transformers at new network sites:
 - Taba'a.
 - Papaho.
 - Kongulae.
- **Chinatown Lawson Tama to Koloale Junction Network Upgrade:**
 - Completed network upgrade and asset relocation.

Major Maintenance Accomplishments

- **Honiara Region:**
 - Low Voltage line upgrades in White River areas.
 - Completion of vegetation management across all Honiara Feeders.
 - Inspection and pole maintenance completed for Ranadi and Geokama Feeders.
 - Installation of a 100kVA transformer at Kaibia to address low voltage issues.
 - Power transformer maintenance at Kola Substation for improved reliability.
 - Replacement of two air-break switches along Honiara Feeder 1.
 - RMU replacements at key locations:
 - No.9 Bus-stop (NRH) for enhanced reliability.
 - Fishing Village RMU upgraded for flexibility and reliability.
- **Transformer Relocations and Repairs:**
 - Relocation and upgrade of a 100kVA transformer at Mbokonavera 1 for improved accessibility and reliability.
 - Replacement and relocation of a 500kVA transformer at Daisol, Ranadi.
 - 11kV underground cable repairs on Honiara Feeder 4 due to excavation damage.
 - Feeder 3 upgrade: Replacement of 11kV underground cable with overhead conductor at IBS to address network constraints.

Outstation Highlights

- **Kilufi (Auki):**
 - Removal of all Solomon Power assets within the construction zone.
- **Noro-Munda:**
 - Repairs on 11kV cables.
 - Replacement of HV wooden cross arms.
- **Ziata:**
 - RMU relocation from Solomon Water expansion area.
- **Buala:**
 - 11kV network upgrades, new extensions, and commissioning of the new network.
- **Kirakira:**
 - Replacement of old network bare conductors with ABC cables.
 - Installation and commissioning of three transformers within new network extensions.

These accomplishments demonstrate the ongoing commitment of the Distribution Department to improving reliability, safety, and operational flexibility within Solomon Power's network.

Outstations

The Outstation Department achieved significant progress in enhancing power generation and distribution in 2024 through strategic installations, upgrades, and system restorations. While some sites faced power outages, proactive mitigation measures were implemented to improve reliability. Continued focus on infrastructure development and regular maintenance remains essential for overcoming these challenges moving forward.

Key Projects and Achievements

1. **Installation, Testing, and Commissioning of Auki Ak2 Generator:**
 - Successfully installed, tested, and commissioned the Auki Ak2 generator in February, with support from South Pacific Synergies. This included upgrades and testing of SCADA systems.
2. **Buala Hydro Hydraulic Pack Unit (HPU) Installation:**
 - Completed the installation, testing, and commissioning of the hydro HPU with support from Rayner of Arowana. After being out of service since 2001, the hydro plant was restored to operation in August.
3. **Major Overhaul of Generators:**
 - Comprehensive overhaul services were conducted on seven generators across the Outstation portfolio as per the 2025 work plan:
 - Kirakira K4 Cummins (February).
 - Noro N2 Kohler (March).
 - Kirakira K5 Cummins (April).
 - Lata LT4 Cummins (June).
 - Malu'u ML3 and ML4 Cummins (October).
4. **New Low Voltage Line (LV) for Manakwai:**
 - Collaborating with the Transmission and Distribution (T&D) team, a new LV line was installed at Malu'u to address network constraints related to the new Solar Hybrid plant. The line was successfully energized in May.

Mitigation Actions for Power Reliability

Despite the successes, unplanned outages affected several Outstations, including Buala, Lata, Seghe, and Tulagi. To address these reliability challenges and enhance business continuity at critical sites, the following actions were taken:

- **Deployment of Emergency Generators:**
 - Emergency generators were sent to Buala, Munda, Noro, and Seghe to alleviate power shortages. The Buala generator has been integrated into the grid, with plans to connect others in 2025.
- **Purchase of a New 156kVA Generator for Tulagi:**
 - A new 156kVA generator was procured in October to address power constraints in Tulagi and reduce load shedding in the township.
- **Procurement of Replacement Batteries and Inverters for Seghe and Taro:**
 - Replacement of outdated batteries and inverters at Seghe and Taro has been approved. Procurement through SPS is underway, with installation and commissioning expected in Q3 2025.

These efforts reflect the Outstation Department's commitment to enhancing system reliability, meeting operational demands, and providing stable energy solutions across the Solomon Islands.

Regulatory

In 2024, the Regulatory Department continued its critical role as the industry regulator, ensuring electrical installations adhered to AS/NZ3000 Wiring Standards. The department also provided consistent support to licensed electricians and electrical contractors by sharing updates on regulations and conducting progressive and final inspections of wiring installations.

Licensing Activities

One of the department's key responsibilities is licensing Grade A and B electricians under the provisions of Electricity Regulations 52 of the Solomon Islands Electricity Act. The interim licensing framework, established in 2018, was successfully implemented through a partnership with Energy Skills Australia, allowing for both theoretical and practical assessments.

By the end of 2024:

- **77 licenses** were issued, including:
 - 13 licenses granted to electricians from Solomon Power, corporate organizations, and government ministries.
 - 64 licenses issued to electricians from private contractor companies.
- Annual license renewals continued as scheduled.

Energy Meter Testing

Testing of new and used energy meters remained a priority throughout the year:

- **2,080 energy meters** were tested, a decrease compared to 2023 due to a technical issue with the Meter Test Bench for three-phase meters during Q4 2024.
- The Meter Test Bench is expected to return to full functionality in Q1 2025.
- Energy meters were tested based on customer installation readiness for inspections and on special requests for accuracy testing of used meters.

Generator Licensing

A new strategy for licensing private generators rated at 50kW and above was introduced, involving mass diesel generator surveys within the power grid:

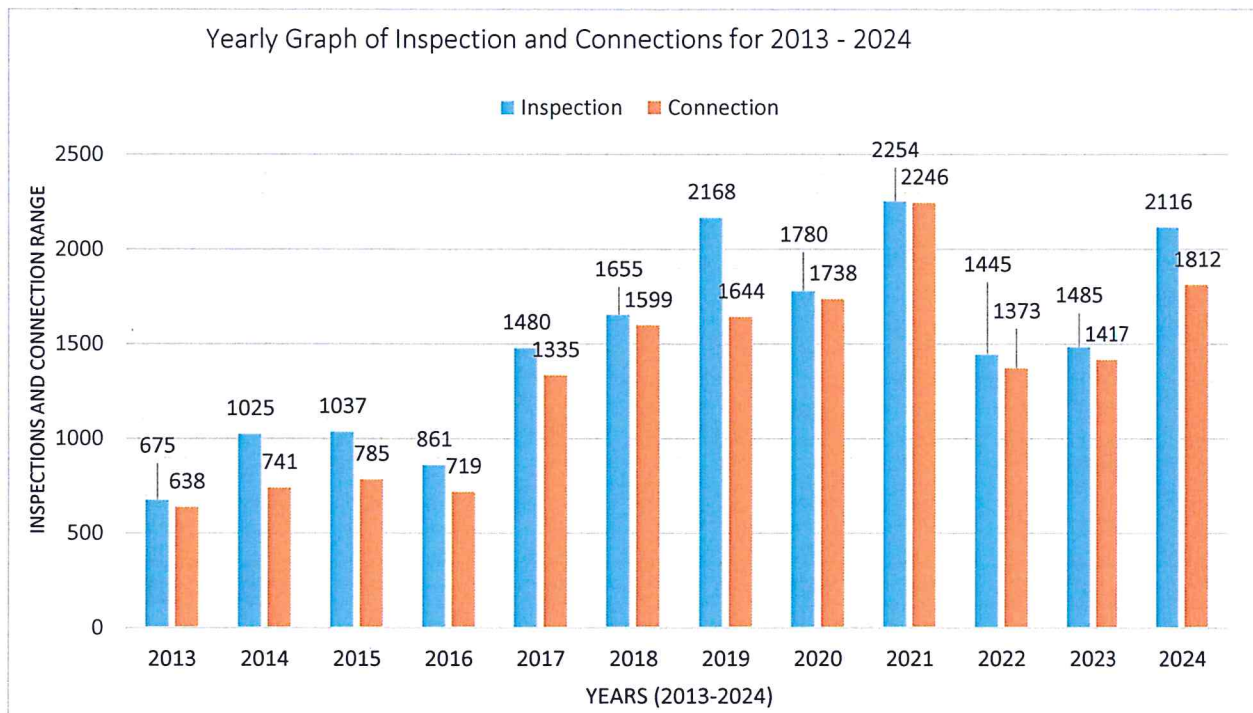
- **57 licenses** were issued for private generators.
- An additional **23 private generators** rated below 50kW were inspected and issued with safety compliance certificates.

Installation Highlights

The total energized installations in 2024 reached **1,812**, an increase from 1,417 in 2023:

- **1,312 installations** were for standard customers.
- **500 installations** were carried out under the pilot Electricity Access Program (EAP), funded by Solomon Power.

The Regulatory Department's achievements this year reflect its ongoing commitment to ensuring safety, compliance, and enhanced service delivery across the electricity sector.



Power System Reliability

Solomon Power's System Reliability in Honiara is measured using the internationally accepted performance indicators as follows:

The System Average Interruption Duration Index (SAIDI)

SAIDI defines the average interruption duration per customer served per year.

$SAIDI = (\text{Sum of Customer Interruption Durations} / \text{Total number of Customers served})$

For Honiara, 2024 SAIDI is 302.67 minutes, compared to 2044.45 minutes in 2023, a decrease of 1,741.78 interruption minutes.

The System Average Interruption Frequency Index (SAIFI)

SAIFI defines the average number of times a customer's service is interrupted during a year for longer than 2 seconds. A customer interruption is defined as one interruption to a customer.

$SAIFI = (\text{Total number of customer interruptions} / \text{Total number of customers served})$

For Honiara, this was measured to be 2.49 times in 2024, compared to 17.21 times in 2023, a decrease of 14.72 times.

The Customer Average Interruption Duration Index (CAIDI)

This is a measure of the average number of times (minutes) that a customer is without power per interruption.

For Honiara, this was measured to be 123.66 minutes per interruption, compared to 122.61 minutes in 2023.

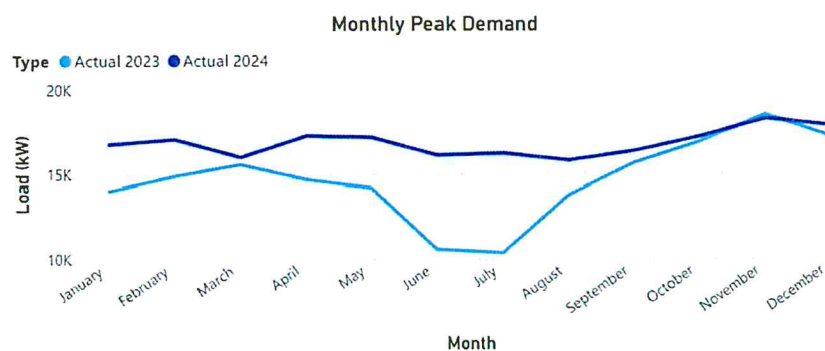
Energy Produced

Energy produced in 2024 compared with 2017, 2018, 2019, 2020, 2021, 2022 and 2023 is shown in the table below.

Lungga and Honiara operations produced 97.73 GWh (88%), Outstations produced 12.24 GWh (11%) and Henderson and Ranadi solar produced 0.943 GWh (1%).

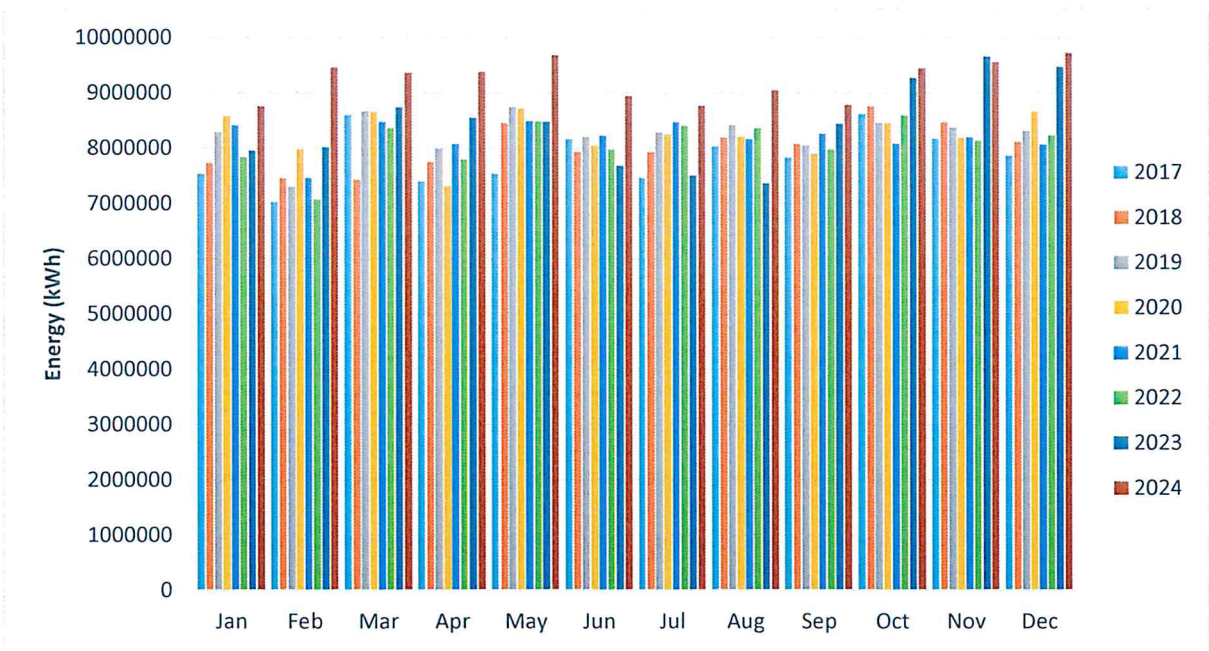
Station	2017	2018	2019	2020	2021	2022	2023	2024
Lungga	80.73	81.75	83.04	83.74	83.46	81.96	86.7	96.1
Honiara	1.65	2.46	2.8	1.85	1.52	2.4	1.99	1.63
Outstations	9.73	11.17	11.77	11.96	11.67	11.6	11.39	12.24
Henderson Solar (1 MW)	1.19	0.89	1.47	1.4	1.3	1.35	1.08	0.93
Ranadi Solar (50kW)	0.042	0.015	Not Available	Not Available	Not Available	Not Available	Not Available	0.02
Independent Power Producers (IPP)	0.94	0	0	0	0	0	0	0
Total	94.28	96.29	99.08	98.95	97.95	97.31	101.16	110.92

The demand for electricity in Honiara in 2024 peaked at 18.22 MW compared to 18.55MW in 2023. Generally, there is increase in demand for electricity in 2024 compared to 2023.

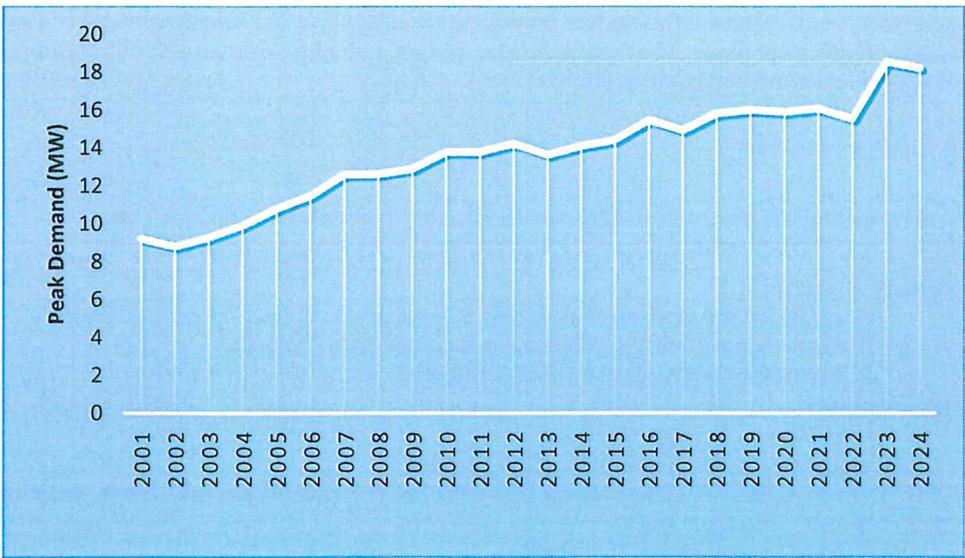


Generation Statistics

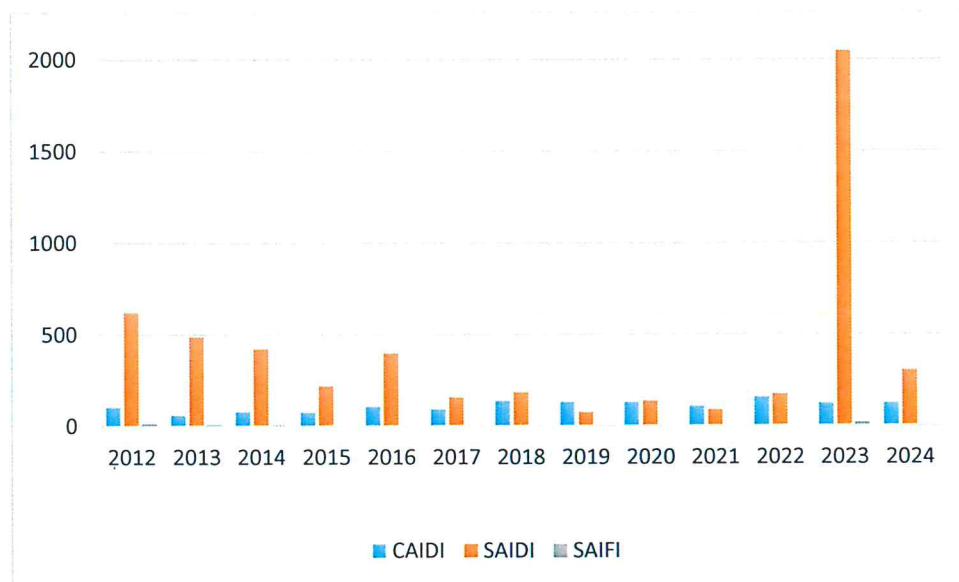
The energy produced by all stations in 2017 to 2024 is shown in the histogram below:



Honiara Peak Demand from 2001 to 2024 is shown in the graph below:



System Performance Indicators for Honiara from 2012 to 2024 are shown in the graph below:



Capital Works Division

In 2024, a total of 44 active capital infrastructure projects were underway, complemented by an additional 24 projects in the planning and procurement phase. The combined value of these initiatives reached SBD \$1.112 billion. Below is a summary of key achievements and ongoing efforts:

Completion and Commissioning

The following major projects were successfully completed and commissioned during the year:

- **Network Extensions:**
 - 11kV/415V line extensions in Papaho, Kongulae, and Fighter 1 Express Feeder.
 - Honiara-White River Link (Honiara and Guadalcanal Province).
 - Kirakira Network Extension (Makira Province).
- **Other Projects:**
 - East Honiara Substation Enclosure.
 - Buala Generator Shed and Electrical Upgrade.
 - Green Village - Building Works (site preparation, groundworks, bulk filling, retaining walls, guard house, fences, and gates).
 - Lungga Second Power Transformer.

Contracts Signed

Key projects advanced to the contract phase, including:

- **Network Extensions:** Papaho, Kongulae, Fighter 1 Express Feeder, Honiara-White River Link, and Kirakira.
- **Solar Hybrid and Civil Works:** Backfilling at Lata Solar Hybrid Site, construction support for Lata and Sasamunga Solar, and minor works in Lata.

- **Infrastructure Upgrades:** Buala Generator Shed, Tulagi Generator Shed.
- **World Bank (WB) Funded Initiatives:** Contracts for a Contracts Manager, IT Equipment, and a Project Implementation Consultant for the Solomon Islands Renewable Energy Development Project.

Projects Approved for 2025 Tendering and Contracts

Several projects received approval, with tendering and contract signing planned for 2025:

- **Optical Ground Wire Project.**
- **Tanagai Solar Farm Project.**
- **Network Extensions:**
 - Venga (Lata).
 - Graciosa Bay (Lata).
 - Tenaru and Corona Market.
- **Renewable Energy Development Projects:**
 - Henderson Feeder 1: 2MW Grid-Connected Solar.
 - Honiara Substation BESS (9MW/24MWh).
 - Ambu Solar Hybrid (1.5MW Solar PV, 1.0MW/4MWh BESS).
 - Solar PV Rooftops (Su'u National Secondary School and Ruavatu Community High School).

Progressing Projects

Work continued on several critical initiatives:

- **Town Ground/White River LMCP Road Upgrade Project.**
- **Solar Hybrid Projects:**
 - Munda (1MW).
 - Malu'u (140kW).
 - Kirakira (320kW).
 - Lata (270kW).
 - Tulagi (250kW).
 - Sasamunga (240kW).
 - Vonunu (135kW).
 - Visale (220kW).
 - Bina (441kW).
 - Dala (562kW).
 - Tingoa (220kW).
 - Baolo (100kW).

The achievements in 2024 demonstrate the Capital Works Division's dedication to driving infrastructure development and renewable energy integration, laying a strong foundation for future growth and energy sustainability.

Planning

In 2024, the Special Projects and Planning Division successfully advanced several key strategic initiatives, providing technical support across divisions and collaborating with external stakeholders. These efforts align with Solomon Power's overarching mission of improving energy solutions and infrastructure development. Below is an overview of the accomplishments:

Network Development Plans for Honiara and Outstations

The five-year Network Development Plans (NDP) for all operational sites, including Honiara, were revised as part of the 2024 NDP review and audit program. This initiative supports Solomon Power's Strategic Capital Expenditure (CapEx) Budget for the next five years.

Key outputs from the NDP include:

- Demand projection.
- Grid expansion and accessibility planning.
- Priority-setting for infrastructure development.
- Business case preparation.

This initiative aligns with the Solomon Islands Electricity Authority's (SIEA) five-year tariff period and the anticipated expenditure plan valued at SBD 1 billion.

Geographic Information System (GIS) Updates

The ongoing GIS field update and audit program for Honiara entered its final phase, concluding in November 2024. Key highlights include:

- Comprehensive data collection for network extensions and identification of aging transmission assets.
- Internal training programs and implementation of GIS cloud technology to facilitate real-time data collection and input.
- Progressive updates to Honiara's grid single-line diagram, in collaboration with the Engineering Division, to enhance operational switching coordination, asset identification, and network visualization.

These updates ensure up-to-date GIS information, streamlined network modeling via DigSILENT, and an updated organizational data book, bolstering database management systems.

Network Extensions, Upgrades, and Constraints

- The team resumed staking out works and reporting for planned and approved network extensions in Honiara, scheduled for implementation across 2024 and 2025.
- Endorsements were secured for the procurement of materials required for these projects, ensuring readiness for execution.

Additionally, a draft network extension business case was finalized for Board approval. Approval was deferred to 2025 to align with ongoing project implementation in Honiara.

The achievements outlined underscore the division's commitment to driving strategic initiatives, ensuring reliable project delivery, and contributing to Solomon Power's long-term growth and operational excellence.

Board Paper Date	Value (SBD Millions)	Number of Extensions	Completed but still to be Energized	Completed, Commissioned & Energized	In Progress	Not Started	Potential Customers
May-16	\$15.10	7	0	7	0	0	576
May-17	\$23.00	10	0	9	0	1	1162
Jan-18	\$14.80	5	0	3	0	2	746
Nov-18	\$24.10	9	0	9	0	0	1613
Oct-19	\$19.60	9	0	9	0	0	2171
Nov-20	\$14.50	12	0	10	0	2	1602
Mar-22	\$13.20	9	0	7	0	2	1016
Oct-23	\$10.00	3	0	0	0	3	641
Apr-24	\$12.30	2	0	0	0	2	287
Totals	\$146.60	66	0	54	0	12	9527

Four network extensions were scoped and developed into comprehensive business cases in 2024. To support this, SIEA projected an ad hoc budget trajectory, improving accessibility and streamlining the coordination of planning and implementation. This approach alleviates pressure on SIEA's Operations team while enhancing CapEx planning for the five-year tariff period, maximizing project delivery.

The team also addressed critical constraints within existing grids. Key accomplishments included:

- Noro-Munda underground cabling project.
- Enhancing redundancy in Honiara's 33kV transmission network.
- Asset reallocation in Honiara and Auki.
- Development of an express feeder in Honiara.

While some projects were completed, others are scheduled for implementation in 2025.

To ensure reliable power generation, the team collaborated with the Engineering Division to plan and specify the addition of 2×2.8MW of generation capacity. By the end of 2024, design specifications and forward planning were finalized, laying the groundwork for procurement and installation in 2025.

Asset Management

Following the completion of Phase 1 of the Asset Management initiative, the team launched a new study focused on:

- Fault, incident, and issue reporting.
- Investigation, risk assessment, and delivery chain heat mapping.
- Asset class management plans.

This initiative tackles operational challenges while equipping SIEA to shift towards a more advanced asset management model. Emphasis will be placed on implementing condition- and risk-based asset management techniques in 2025, with potential expansion into Phase 2.

Solar Farms and Hybrid Systems

Three potential sites for grid-connected PV systems in Honiara were assessed, aligning with the Renewable Energy Roadmap (RERM), SIG policy, and SIEA's renewable energy initiatives. The assessments evaluated land availability, topography, flooding risks, and acquisition challenges.

Key outcomes included:

- Acquisition of 10.028 hectares in Mamara, with 14.73 hectares in Tenaru expected to be finalized in 2025.
- Development of technical feasibility reports to guide decision-making.

The team also evaluated two potential sites in Noro, with feasibility and land acquisition processes scheduled for completion in 2025. Additionally, support continued for solar hybrid projects across the provinces, in collaboration with the Capital Works Division.

Throughout 2024, the team engaged extensively with stakeholders, donors, and NGOs to operationalize the RERM, explore renewable energy investments, and promote integrated power development plans.

Special Projects Power Purchase Agreement (PPA) Obligation for SIEA and Tina Hydropower Limited

In 2024, Solomon Power (SPP) facilitated the resolution of long-standing claims raised by Tina Hydropower Limited (THL). These claims, originating in 2020, were addressed through a settlement agreement among SIEA, THL, and Hyundai Engineering Construction (HEC). The resolution reflected the collaborative efforts of all parties involved and was acknowledged by the Solomon Islands Government (SIG) as an important milestone.

Adjustments to Project Commercial Operation Date (PCOD)

As part of the settlement, the timeline for the hydropower plant was revised, with the original PCOD moved from September 2024 to February 2028. Discussions on the full and final settlement began in 2024, with SIG consenting to extend the PCOD through provisions outlined in the PPA Side Letter. Amendments to relevant agreements, including the PPA, EPC Contract, and financing documentation, are currently underway and are expected to conclude in 2025.

While the revised timeline has resulted in adjusted project costs, efforts continue to ensure that the necessary commercial and technical commitments are met. This process requires careful planning and oversight to mitigate challenges and maintain alignment with project objectives.

Due to the delays, the project cost has increased substantially, which may likely increase Levelised Cost of Electricity (LCOE) that SIEA will be paying to THL. The full and final settlement and amendments to the respective project and financing documents are expected to be completed in 2025.

Technical Oversight and Leadership

In addition to overseeing commercial aspects, SPP provided critical technical leadership to ensure that SIEA meets its obligations under the PPA. Since the PPA's inception, SIEA has engaged external technical experts to review and document the technical requirements, ensuring the hydropower plant is constructed to the required specifications.

This ongoing commitment is vital to ensuring that the plant performs as intended, delivering sustainable energy to the Honiara grid without compromise.

Tina River Hydropower Transmission System

The Special Projects and Planning Division achieved significant progress in 2024, advancing the transmission lines component of the Tina River Hydropower Development Project (TRHDP). This initiative, supported by funding from Export Finance Australia (EFA) and the Australia Infrastructure Financing Facility for the Pacific (AIFFP), forms an essential part of the broader project.

Key developments in 2024 included finalizing the project's procurement strategy, assessing market potential for infrastructure works, and initiating the procurement of consulting services to provide technical support. Adjustments to the hydropower plant timeline have resulted in the rescheduling of the transmission lines project completion to October 2027.

The project encountered challenges, including technical redesigns for portions of the transmission lines and the presence of informal settlements within an easement at Lungga. Social mitigations have been implemented, and steps are being taken to resolve ongoing concerns. Solomon Power is closely monitoring progress to ensure minimal impact on construction timelines.

Efforts are underway to secure an infrastructure works contractor by mid-2025, with construction anticipated to begin in October 2025. SPP remains committed to the successful delivery of this project through diligent oversight, stakeholder collaboration, and adherence to strategic objectives.

Community Benefit Sharing Project (CBSP) Phase 2 – Rural Electrification

CBSP Phase 2 serves as the successor to Phase 1 under Component 4 – Technical Assistance of the Tina River Hydropower Development Project (TRHDP). SIEA continues its critical role as the project implementing entity, tasked with not only overseeing physical works but also managing stakeholder engagement and reporting to the CBSP Office under the Project Office. Funded by the World Bank (WB) through a grant, this sub-component focuses on constructing and expanding the network from the existing national grid. The expansion aims to provide connections to households, small and medium enterprises, churches, and schools within the Ado, Belaha, and Tina communities, extending reliable electricity access to approximately 1,600 people.

CBSP Phase 2 became fully effective in January 2024, following the execution of the Project Agreement and Financing Agreement in late 2023. By the end of 2024, the project's specific requirements had received no objection from the WB, signifying a significant milestone toward its implementation. The anticipated outcomes include the energizing of 287 new connections and the expansion of both high-voltage and low-voltage networks, with a total investment of approximately USD 1.29 million.

The execution phase of the project is set to begin in mid-2025, pending the WB's approval and no objection to the project's Environmental and Social Management Plan (ESMP). To ensure clarity and efficiency, the team has also developed a comprehensive Project Operations Manual. This manual outlines detailed arrangements, procedures, criteria, and mechanisms required for the final identification and successful implementation of these rural electrification sub-projects.

Public Private Partnership (PPP) and Independent Power Producer (IPP)

Throughout 2024, the team remained actively engaged in the Public-Private Partnership (PPP) and Independent Power Producer (IPP) spaces, fostering interactions with several interested IPPs. The TRHDP remains the only active PPP project involving SIEA, and the organization has upheld its commitments and obligations under this initiative throughout the year. By the end of 2024, SIEA had executed four non-binding memoranda of understanding (MOUs) with interested IPPs focused on grid-connected photovoltaic (PV) systems for the Honiara national grid, with an additional IPP expressing interest but yet to formalize an agreement.

In the absence of a national framework for managing the IPP process, SIEA has proactively developed a standardized MOU and term sheet to address commercial and legal requirements. This approach is bolstered by active engagement with private sector stakeholders and the Solomon Islands Government (SIG). As part of the organization's commitment to advancing renewable energy integration, the team has collaborated closely with SIG and other key stakeholders to evaluate effective models for the IPP process. Planning in 2025 will prioritize this collaboration to expedite the integration of variable renewable energy into the Honiara grid, with plans to extend IPP-supported models to suitable outstations in the future.

Energy Access Program

Initiated in late 2023 as a successor to the World Bank's Output-Based Aid (OBA) Program, the Energy Access Program (EAP) has been piloted in Auki, Noro-Munda, and Gizo. The pilot facilitated connections for 500 customers, fully subsidized by SIEA at an estimated cost of SBD 5.3 million. Although not part of the regulated asset base under the current tariff mechanism, the program successfully extended electricity access to communities previously without power, demonstrating its significant positive impact.

The program was completed in late 2024 and will undergo detailed appraisal and evaluation in 2025. Based on the outcomes of this evaluation, SIEA plans to roll out an additional phase of the program to further enhance community access to electricity while balancing commercial considerations.

Business Development Unit

Established under Special Projects and Planning in 2022, the Business Development Unit (BDU) has advanced studies aimed at diversifying revenue streams beyond Solomon Power's core operations, aligning with the 2022–2027 Strategic Plan. The unit has focused on initiatives such as the commercialization of dark fiber from existing communication assets, exploring opportunities in electrical goods and subsidiaries, and fostering the development of electric vehicles. Each initiative has been carefully analyzed to ensure positive commercial outcomes.

Significant progress has been made in the commercialization of dark fiber, with a final recommendation expected in early 2025. Concurrently, the unit has begun exploring energy efficiency strategies and rooftop solar opportunities. Supported by the Asian Development Bank (ADB), discussions on rooftop solar integration have advanced, with a feasibility study planned for 2025. This study will help SIEA evaluate commercial and operational models for rooftop solar, net metering, and renewable energy contributions to the Honiara grid, aligning with Solomon Power's renewable energy targets.

The team has also laid the groundwork for developing tailored financing models for investments in IPP and rooftop solar projects. Emphasis has been placed on maximizing private sector participation in these renewable energy initiatives. A more detailed evaluation of these opportunities is anticipated in the coming year, ensuring Solomon Power's strategic objectives remain on track.

Customer Services Division

The Customer Services Division plays a vital role as the first point of contact for customers, handling everything from inquiries to connections, account management, and metering. Operating across Honiara and eleven Outstations—Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro, and Tulagi—the division actively contributes to Solomon Power's mission of making electricity accessible and affordable for all Solomon Islanders. This mission is closely aligned with the national objective to energize the nation by 2050.

As of December 31, 2024, the number of registered and connected customers across Honiara and the Outstations rose to 28,596, compared to 26,848 in 2023 and 25,457 in 2022. The total number of Output-Based Aid (OBA) customers stood at 5,161 by the end of 2024, reflecting a slight decrease from 5,181 in 2023 due to the successful upgrading of many OBA accounts to standard cash power connections.

Software used are Utility Star Platinum (USP) for Postpaid meters and Suprima for Prepaid Meters. In 2024, a project to upgrade all prepaid (cash power) meters was implemented from April to November. More than 90% of the meters were upgraded by the end of 2024.

TOTAL CUSTOMERS COUNT BY LOCATION DECEMBER 2024			
	POSTPAID	PREPAID	TOTAL
Honiara	1646	19890	21,536
Auki	140	1756	1,896
Gizo	94	1141	1,235
Noro	81	868	949
Munda	30	756	786
Tulagi	33	246	279
Kirakira	36	296	332
Buala	35	262	297
Lata	37	280	317
Malu'u	15	397	412
Taro	21	402	423
Seghe	5	129	134
	2,173	26,423	28,596

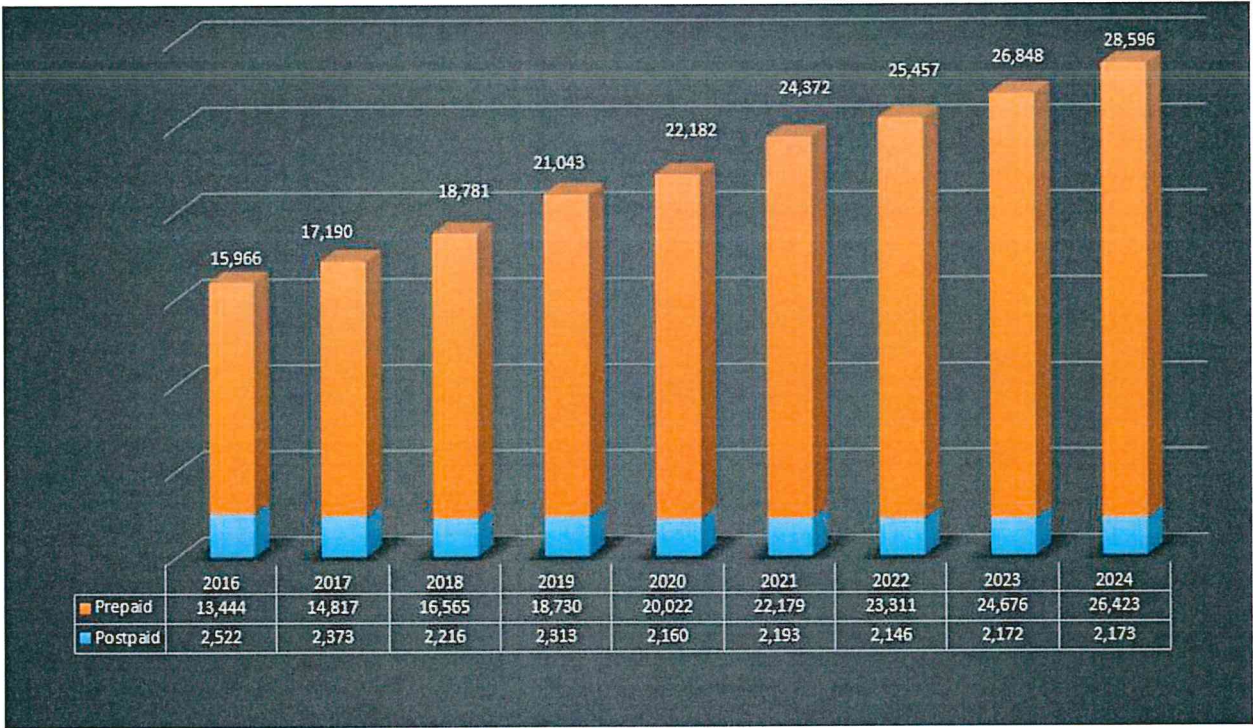
CUSTOMER BY TARIFF CATEGORY	
Domestic	22,216
Commercial	6,346
Industrial	34

Regarding tariff categories, 77.8% of customers are on the domestic rate, while 22.2% fall under commercial and industrial rates. Within the post-paid category, 76.3% are commercial and industrial customers, while 23.7% are domestic customers. Conversely, among prepaid customers, 82% are domestic, and 18% are commercial.

In 2024, Solomon Power continued its efforts to expand the electricity network in both Honiara and the Outstations. Community awareness sessions were integral to network extension initiatives, customer applications, and processes. A

total of twelve community awareness programs were conducted nationwide, four of which were dedicated to the rollout of the Electricity Access Program (EAP). By year's end, 455 EAP installations were added to the overall customer base.

The new connections process remained a focal area, as it continued to generate the highest number of customer follow-ups. Despite this, the team maintained standard timeframes for each stage of the process throughout 2024, consistently tracking and reporting connection waiting times.



To enhance convenience for prepaid customers, Solomon Power collaborated with various payment vendors, including Aelan Digital Services Limited (ADS), Bank of South Pacific, BRED Bank, Iumi Cash Limited, Pan Oceanic Bank, and Solomon Postal Corporation's Ezi Pei. In January 2024, a new agreement was signed with Solomon Telekom's M-Selen platform. These partnerships contributed to a significant 11.9% increase in mobile top-up cash power transactions, rising from 654,477 in 2022 to 732,471 in 2024. By the end of the year, 63% of cash power transactions were conducted through these vendors.

For provincial customers, Solomon Power officially opened a new office in Lata in August 2024 and began constructing a new office in Auki to further enhance customer service.

The Call Centre, accessible via numbers 166 and 167, operated 24/7 to support fault reporting and disseminate information about planned and unplanned outages. On average, the Call Centre received 4,405 calls per month in 2024.

Customer communication remained a priority, with updates shared through various channels, including Solomon Power's Facebook page, print media, emails, radio, and the website (www.solomonpower.com.sb).

To protect revenue and ensure metering accuracy, the team conducted meter surveys in three designated cycles within Honiara, inspecting over 3,000 installations. Additionally, average billing was applied to customers with faulty or bypassed meters to recover revenue for periods where usage was not recorded. In 2024, non-technical losses were 4%, a decrease from 8% in 2023.

Finance Division

Operating results

Solomon Power delivered strong financial results in 2024 despite facing significant challenges including rising fuel prices and operational challenges in some of our assets but we remained focused on operational efficiency and delivering reliable service to our customers.

Our commitment to generating and distributing electricity, while actively investing in energy transition projects and upgrading aging equipment, has once again been the backbone of our resilience and ability to achieve these outstanding financial results.

We delivered another year of solid financial performance in 2024, with net profit reaching \$56.2 million, a 12% increase from \$50.3 million in 2023. This growth was driven by increase in sales volumes, operational efficiencies, strategic cost management and ongoing investments in infrastructure upgrades to enhance reliability and service delivery.

Cash and cash equivalent as at year-end was \$309.4 million compared to 228 million. The increase reflects some of our bonds maturing, delay procurement of a new generator and improve cash management.

Capital expenditure

Total capital expenditure was 208.5 million, an increase of 33 million or 18% on the prior period with the increase reflecting continued investment in infrastructure to support the increase of electricity access, investments in renewable energy and upgrades to our aging equipment.

Electricity network capital expenditure continues to be at historical high levels due to investment to improve the reliability and resilience of our network as well as higher growth capital expenditure reflecting the continued increase in connections and infrastructure projects.

Dividend

In line with our board approved dividend policy, five percent of operating profit will be pay-out as dividend to shareholder subject to board approval.

Information, Communication and Technology Division

Solomon Power (SP) places significant reliance on Information and Communications Technology (ICT) to support day-to-day operations, drive digital transformation, and maintain business continuity preparedness. The ICT Division ensures functionality across critical areas, including business applications for various departments such as Finance, Corporate Services, Customer Services, Administration, Distribution, Generation, Regulatory, Capital Works, Special Projects & Planning, and Legal, while catering to operational software requirements. Communication networks connect offices and power house sites in Honiara, including renewable energy sites, alongside links to eleven Outstations located in Auki, Buala, Gizo, Lata, Kirakira, Malu'u, Munda, Noro, Seghe, Taro, and Tulagi. This infrastructure facilitates connection for all full-time staff, contractors, and service providers while managing desktops, laptops, printers, and telephony systems. SP operates a robust framework of 24 Production and 21 Disaster Recovery (DR) servers across three Data Centre environments, storing and securing 160 terabytes of corporate information.

To support Solomon Power's growth, the ICT Division has consistently worked toward upgrading platforms, finding innovative solutions, optimizing processes, and guiding staff to adapt to technological advancements in a dynamic environment.

Throughout 2024, the ICT Division achieved several key milestones that strengthened Solomon Power's infrastructure and operational capabilities. Communication facilities across all SP sites underwent upgrades as planning continued for the transition from the existing Memorandum of Understanding (MOU) with SIG and Satsol to maintain uninterrupted reliability. Support for the Capital Works Division was provided to advance developments at Lungga, including the New Data Centre, Call Centre, and Control Room (SCADA) Projects. Collaboration with the Engineering and Special Projects & Planning Divisions resulted in the completion of Phase 1 of the SP Asset Enhancement Project, along with the Fibre Optic Commercialization Consultancy Project, which aimed to explore alternative revenue streams. Telekom's M-Selen was successfully onboarded as the seventh Cash Power agent, following rigorous testing and integration, while the Suprima Cash Power System TID Upgrade Project for agents was also completed. Monthly tariff updates were consistently implemented into the system.

A suite of digital initiatives progressed throughout the year, including the CDPro platform for online payment of post-paid bills, the upgrade and transition of the SP website to in-house management, automation of staff leave applications, and improvements to the Utility Star Application. Other advancements included the deployment of On-Board Management Software, increased advocacy and training around SharePoint, and the SP Electronic Records Archive Project. All End-of-Life Windows Servers hosting 2012 R2 OS were upgraded to Windows Server 2019, with seamless migration of services. The ICT Division worked closely with anti-virus provider Sophos, conducting a Compromise Assessment on SP's Network and initiating remedial actions based on recommendations, while subscribing to Managed Detection & Response (MDR) services for enhanced security through a Security Operations Centre (SOC).

Remote connectivity became a priority, with investigations into Starlink usage for solar farms and office sites following its licensing approval by the Telecommunication Commission of Solomon Islands (TCSI). New hardware procurement aligned with the 2024 budget plan, adding twenty computers to Solomon Power's operations. Implementation of the 2024 Cybersecurity Awareness Plan introduced monthly activities targeting organizational security awareness and education. External audit requirements were met efficiently, and the ICT Systems and Network Administrator transitioned to a managerial role in the Engineering Division, with the NSA role externally advertised and successfully filled. Staff training and development continued to support succession planning and skill enhancement. Additionally, cost-saving initiatives addressing telecommunications requirements were reviewed, negotiated, and implemented to support SP's growing needs.

The ICT Division's contributions in 2024 reinforce its critical role in maintaining Solomon Power's technological resilience, operational efficiency, and ongoing adaptation to the demands of a rapidly evolving organization.

Corporate Services Division

The Corporate Services Division provides support services to other Divisions across the organization through its Human Resources, Business Administration, Health, Safety, Security & Environment, Lands, Buildings and Fleet and Internal Audit.

Human Resources and Business Administration

At the end of 2024, SP had a total number of 324 permanent employees, compared to 314 at the end of 2023. This was an increase of 3%.

The graph below (Figure 1) shows the number of permanent employees by divisions at the end of 2024, compared to the end of 2023.

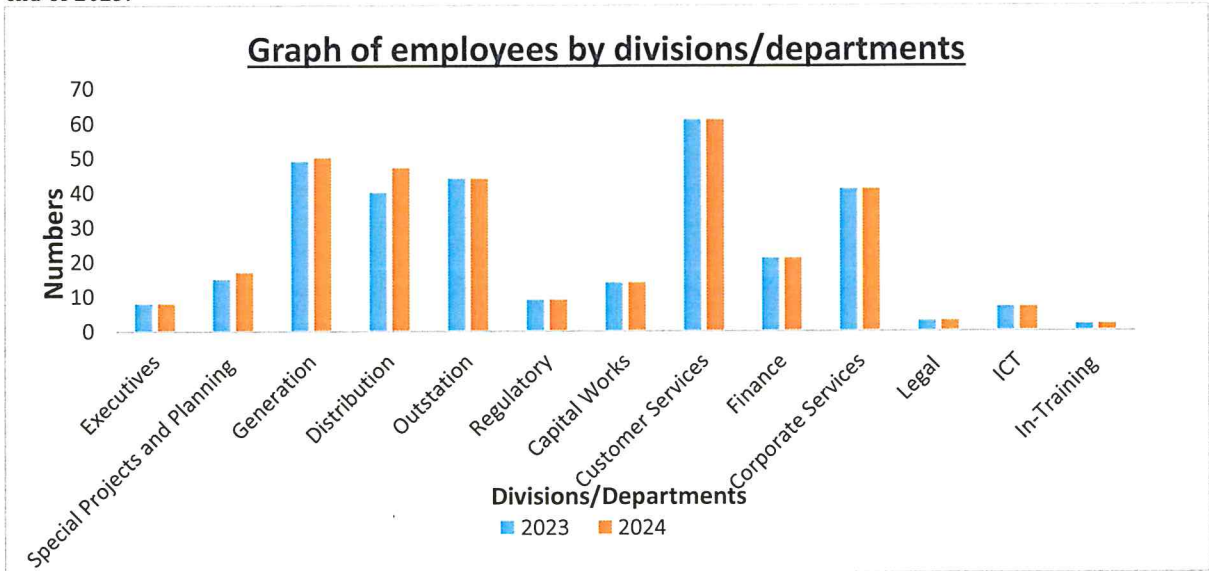


Figure 1: Employee Numbers by Divisions

The graph below (Figure 2) shows the number of permanent employees by locations at the end of 2024, compared to the end of 2023.

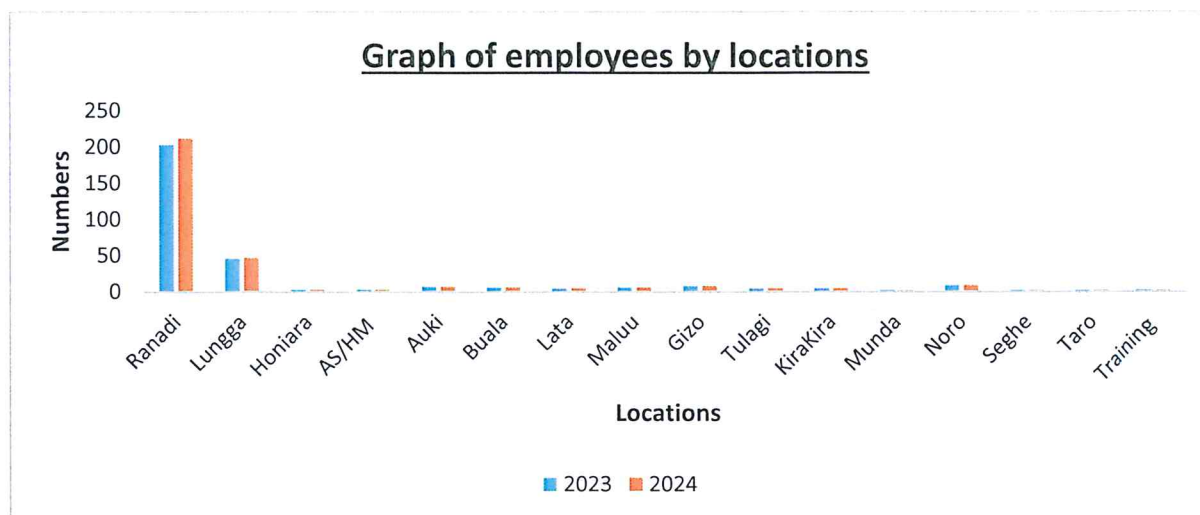


Figure 2: Employee numbers by location

Some highlights in 2024 included:

- The remaining 6 Line mechanics and Apprentices were absorbed into permanent positions.
- For the first time, an opening Program was organised in 2024. The Opening Program was to get everyone together as team, before embarking on the activities/projects/programs for the year. The event was held on 8th February 2024. It started with a commissioning prayer at the St Barnabas Cathedral Church and followed by the Program at Desmond Proberts Hall
- The third Staff Awards ceremony was organised to recognised outstanding staff performance in year 2023. The event was undertaken on 28th June 2024.
- Continue with Staff Resiliency Outreach Program: (i) Four (4) Outstations (ii) Engineering Division.
- SP OHS Management Plan awareness completed: (i) Five (5) Outstations (ii) Engineering Division
- Review of the following policies in the Human Resources and Procedures Manual (HRPPM): (i) Sponsorship Policy (ii) Increment Policy (iii) Medical Assistance Policy (iv) Advance of Normal Retirement Policy

Training and Development

To continually develop and update the knowledge, skills and competencies of its employees, SP has invested extensively in its training and development programmes. In year 2024, the following are the summaries:

In-house Trainings: Trainings that occurred in Solomon Power and facilitated by internal or external Training Providers. A total of 331 staff attended various In-House Trainings:

No	Course Name	No of staff	Provider
1	Corporate Induction	35	Internal
2	Human Resources Policies and Procedures Manual (HRPPM) awareness	37	Internal
3	Disciplinary Procedures	122	Internal
4	Critical Elements of Customer Services	45	External
5	Leadership Skills	45	External
6	Illegal bypass and fault meter average bill calculation and verification	3	Internal
7	Cashiering	1	Internal
8	Diesel Generator Training	17	External
9	Power Factory Training	15	External
10	T3000 Operation & Monitoring	11	External
	TOTAL NUMBER OF STAFF	331	

Part-Time - Long-term training: Trainings that will lead to attainment of Academic and Professional Qualifications. Twenty-eight (28) employees undertake this mode of Training in 2024 in the following areas:

No	Program Name	No of staff	Provider	Modality
1	Masters of Business Administration	1	SINU	On-Campus
2	Masters of Business Administration	5	USP	On-Campus
3	Bachelor of Commerce (Accounting, Management & Public Administration)	1	USP	On-Campus
4	CPA Australia	3	CPA Australia	On-Line
5	Advance Diploma of Applied Engineering (Electrical Systems)	2	Engineering Institute of Technology (EIT)	On-Line
6	Diploma of Project Management	6	USP	On-Campus
7	Honors Diploma in Accounting & Finance in Business and Management	1	Cambridge International College	On-Line
8	Diploma of Photovoltaic Energy Systems (DDPES)	1	SINU	On-Campus
9	Certificate in IV in Work Health & Safety	2	Occupational Health Services Australia Pty Ltd	On-Line
10	Certificate in Renewable Energy - Grid Connected PV - Design and Installation	6	USP	On-Line
	TOTAL NUMBER OF STAFF	28		

Full-Time Training – Long Term: Trainings that will lead to attainment of Academic and Professional qualifications. The staff are also release from duty to undertake full-time studies. Two (2) employees undertake full time studies in 2024 in the following areas:

No	Program Name	No of staff	Provider
1	Bachelor of Entrepreneurship	1	SINU
2	Certificate IV in Automotive Engineering (Light Vehicle)	1	SINU
	TOTAL NUMBER OF STAFF	2	

Workshops/Short-term training: Some short term trainings or workshops that were undertaken in 2024. A total of sixty two (62) staff attended short term trainings/workshops:

No	Course Name	No of staff	Modality
1	Solar and Battery training	5	Overseas
2	Unconscious Bias	10	Zoom
3	The Ultimate WordPress Boot Camp Course	1	On-Line
4	Managing Cyber Security & Testing Security Controls	1	Overseas
5	Basic Photovoltaic Stand Alone Solar System	2	In-Country
6	Certified Chief Human Resource Officer	1	In-Country
7	Accelerating the Clean Energy transition and ensuring energy security and affordability – Time for urgent action now	1	Overseas
8	Developing High Performance Teams	6	In-Country
9	Writing Reports and Proposals	6	In-Country
10	Stone for Development Work Integrated Learning Program	1	Overseas
11	Australian Company Directors Course	1	On-Line
12	EDMI Smart meter training and support for product and service supplied	3	Overseas
13	Renewable Energy & Diesel Power Operation in Small Islands	1	Overseas
14	Power Plant Operation and Maintenance in Developing Countries	2	Overseas
15	Professional Technology of Grid Upgrading and Renovation for the Belt and Road Countries	2	Overseas
16	Financial Management Training	2	In-Country
17	Power and Radio Access Network	1	In-Country
18	Basic driver training	1	In-Country

19	Grid-Connected PV Systems (Design & Install)	5	Overseas
20	Charting the Course for AI-Power Development across Asia and Pacific	2	Overseas
21	Data Analysis Masterclass	1	Overseas
22	M3 Certification Programme – Advanced Procurement Strategies 2024 – For the Pacific Region	1	Overseas
	TOTAL NUMBER OF STAFF	62	

Seminars Overseas: Some overseas seminars were attended in 2024. Six (6) employees attended the following Seminars/Conventions:

No	Seminar/Conference Name	No of staff	Location
1	Fiji Human Resources Institute Convention	2	Overseas
2	Pacific Power Association 31 Annual Conference and Trade Exhibition	3	Overseas
3	SCADA Conference	1	Overseas
	TOTAL NUMBER OF STAFF	6	

Work attachments: There were three (3) Employees that were send for Work Attachments:

No	Organisations	No of staff	Location
1	Energy Fiji Limited	1	Overseas
2	Optimise Investment (PTE) Ltd trading as MAXUMISE	2	Overseas
	TOTAL NUMBER OF STAFF	3	

Student Attachments: Eleven (11) Students undertake Work Attachment with Solomon Power for six months as Practical Component of their Academic Programs:

No	Name of Program	No of students	Institutions
1	Bachelor of Mechanical Engineering	2	Fiji National University (FNU)
2	Certificate IV in Electro Technology	6	Solomon Islands National University
3	Certificate IV in Electro Technology	1	Fiji National University (FNU)
4	Bachelor of Electrical Engineering Honors	1	University of the South Pacific
5	Bachelor of Electrical & Communication Engineering	1	PNG University OF Technology
	TOTAL NUMBER OF STUDENTS	11	

Total Investments: Solomon Power spent about **\$1,824,354.94** in its Training and Development Programs in year 2024

2024 Performance Management

The performance of the Divisions and Departments in 2024 exceeded 90%, indicating that the majority successfully achieved the key targets and goals established at the start of the year. Most of the goals were established based on the tasks required to achieve strategic key result areas.

Health, Safety, Security and Environment (HSSE)

In 2024, Solomon Power recorded three workplace injuries involving staff members. Two incidents of electrical shocks occurred in June, affecting two Line Mechanics and resulting in four lost workdays. A separate electrical shock incident in October, also involving a Line Mechanic, contributed fifteen lost workdays. Following the October incident, measures were immediately taken to enhance safety, including the expedited procurement of additional Personal Protection Equipment (PPE). Altogether, these incidents resulted in a total of nineteen lost workdays for the year.

The HSSE team investigated sixteen reported incidents during the year. These included various cases such as a vehicle colliding with a pole, an incident at Central Plaza, and minor damage to windows at the Noro Office Building. Additional incidents involved theft, including missing fuel drums and a portable security floodlight from Green Village, as well as damage to a solar panel at the Ranadi PV plant caused by a moving vehicle. Other investigations included a vehicle-related incident in Buala, the discovery of a World War II grenade, and a burst fire hydrant pipe at the Lungga Power Station. The team also responded to an incident in Gizo involving an electric shock and another case of electrocution due to improper PPE use. Additionally, the Lungga team reported a missing water pump, and damage was noted to solar panels during routine inspections at the Henderson Solar Farm. These investigations have informed ongoing efforts to mitigate risks and enhance workplace safety.

Proactive safety initiatives and community engagement activities were carried out throughout the year to strengthen Solomon Power's health and safety framework. Electrical Safety Awareness sessions were conducted in January to support Network Extensions at Papaho and Kongulai, followed by staff eye testing in February and the celebration of International Women's Day in March. In April, the RSIP and Lungga Generation Team collaborated on a firefighting drill, and in May, Solomon Power participated in a workshop with the NDMO and the Ministry of Environment, Climate Change, and Disaster Management. In June included consultations with the Ministry of Health and Medical Services to develop health strategies for organizations. Collaborative discussions were held in July with the Royal Fire Service to enhance fire hydrant drills in Lungga and Honiara for improved emergency preparedness.

To further promote workplace safety, Occupational Health and Safety Management training sessions were delivered in August to staff in Kirakira, Auki, and Malu'u, ensuring alignment with newly established safety procedures. September featured a coordinated fire hydrant drill in partnership with the Royal Solomon Island Fire Service at Lungga, strengthening the team's emergency response skills. October activities focused on health promotion with the Pinktober Walkathon, while November saw the organization of a Movember awareness campaign and Fun Walk to raise awareness about men's health issues. In December, Solomon Power's HSSE Officers participated in a community cleanup of the Mataniko River, an initiative organized by the Ministry of Environment, Conservation, and Climate Change alongside the Honiara Town Council.

These initiatives reflect Solomon Power's commitment to fostering a safe working environment and engaging with the community to promote resilience, safety awareness, and social responsibility.

SP injury Records table and graph for 2024

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cum.
Lost Time Injuries (LTI's)	0	0	0	0	0	2	0	0	0	1	0	0	4
Lost Work Days (LWD's)	0	0	0	0	0	4	0	0	0	15	0	0	19
LTI Frequency Rate (LTIFR)	0	0	0	0	0	8	0	0	0	38	0	0	4.47
Injury Severity Rate (SR)	0	0	0	0	0	16	0	0	0	3	0	0	0.93
Hours Worked	38,318.35	50,943.07	52,235.00	47,980.15	73,452.83	51,041.15	49,362.75	52,858.55	53,115.21	78,909.30	51,567.21	48,756.15	648,539.69

Injury Benchmarking from 2021 to 2024

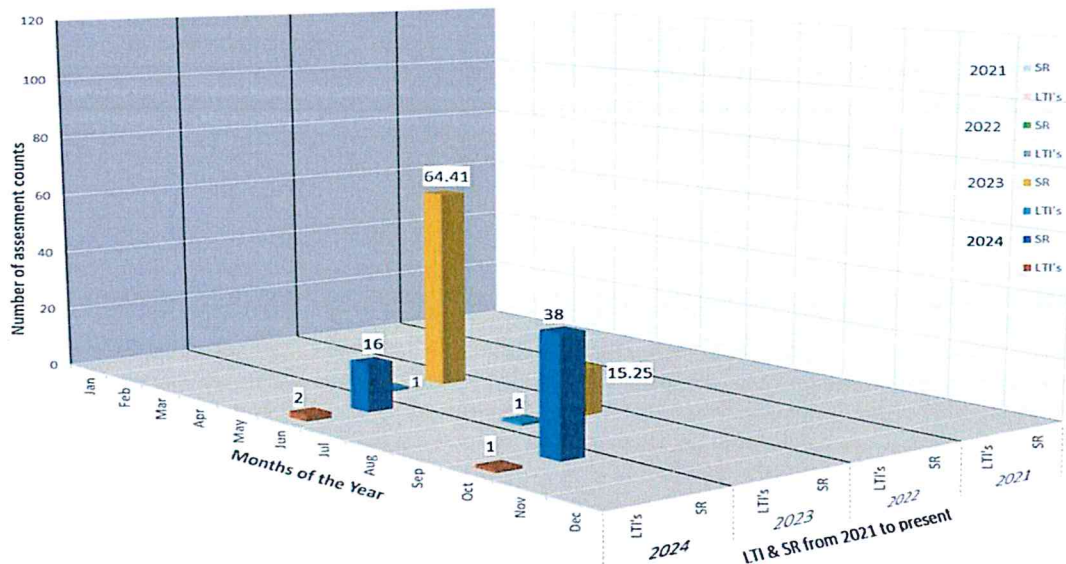
SP Standard (reasonable adaptation)

Lost Time Injury = Number of occurrences in the period

Frequency Rate (LTIFR) = $\frac{\text{Number of Lost Time Injuries in the period}}{(\text{Target} - 1.99)} \times 200,000$
Number of hours worked in the period

Injury Severity Rate (SR) = $\frac{\text{Number of lost work days in the period}}{\text{Number of hours worked in the period}} \times 200,000$

Number of hours worked in the period



Graph 1: Shows continuous comparison between Lost Time Injury (LTI's) cases and their respective Injury Severity Rates (SR) from January 2021.

Note: In June 2024, an electric shock incident resulted in 4 Lost Work Days. In Oct, another electric shock incident happened which resulted in 15 Lost Work Days.

Lands, Buildings & Fleet

Land

The SP Land Renewals Tender was conducted in December 2024. The award should be completed in the first quarter of 2025.

Building Projects

- **2020 Office Building Projects:** The last of the Office Building Projects which is the Lata Office had been completed. The soft launching was done on 17th August 2023 so that officers can start using the office. The official opening was done on 15th of August 2024.
- **2024 Housing Redevelopment Projects:** All work commenced towards the end of December 2024. Most of them shall be completed by Second quarter of 2025. Six (6) Staff Houses were earmarked under the 2024 Housing Redevelopment Project.

Fleet

Total number of vehicles as of December 2024 was 89. This was up from 83 in December 2023. A total of five (5) vehicles were internally tendered out in 2024.

Internal Audit

During the year 2024, the Internal Audit conducted its Audit Projects which are summarised in the table below:

No	Audits	Month	Complete/Status
1	Contract Management	February	Yes
2	Generation Plants & Maintenance	March	Yes
3	Withholding & Sales Tax	April	Yes
4	Tool Management	May/June	Yes

5	Low Value Contracts	July	Yes
6	Overtime	August/September	Yes
7	Saving Cost	Oct/Nov	Pending exit meeting to be done in 2025
8	Risk Management	December	Yes

Legal Division

Legal Division provides legal services to Solomon Power's various departments and divisions. Where appropriate, external counsel and law firms are retained to provide additional legal support.

Due to the nature of its business and operations, Solomon Power is exposed to legal risks from claims and legal proceedings on a variety of areas including contracts, land, public safety, and employment relations. The core responsibility of the Legal Division is to mitigate Solomon Power's exposure to legal risks through effective risk mitigation measures. Activities carried out by the Legal Division as part of these risk mitigation measures include reviewing contracts and other legal documents, monitoring compliance, resolving disputes, representing Solomon Power in legal proceedings, and the provision of legal advice generally.

- In 2024, legal proceedings were commenced against persons occupying land at Lungga where Solomon Power has a registered easement over for its transmission line. The persons entered and occupied the easement land after Solomon Power had acquired a registered easement over the land from the registered owner. Their entry and occupation were without the consent of Solomon Power and the registered owner of the land. In the proceedings, Solomon Power has sought an order for the removal of those persons from the easement land.
- In 2024, debt recovery action was taken to recover outstanding arrears from customers with encouraging outcomes.
- It is an offence under the Electricity Act for any person to dishonestly use or consume electricity, or tamper with a meter to prevent it from duly recording the output or consumption of electricity. Such unlawful acts cause and contribute to non-technical losses. In 2024, Legal Division carried out activities to strengthen enforcement against such unlawful activities, including carrying out investigations.
- The Electricity Act permits Solomon Power to enter and extend its transmission and distribution network over any land. The Act further provides for the process by which any person who suffers loss or damage as a consequence of Solomon Power's exercise of such power may apply for compensation within 3 months. Legal Division continues to enforce the protective provisions of the Electricity Act in response to compensation claims.
- It is an offence under the Electricity Act to wilfully or negligently damage Solomon Power's network assets. Solomon Power's network assets, specifically its overhead lines and underground cables, are particularly prone to damage due to their location near road traffic and road works. In 2024, Legal Division reviewed incidents where Solomon Power's assets were damaged with a view of pursuing recovery of repair costs through legal action as well as prosecution of these offences.
- The Electricity Act permits Solomon Power to reduce the quantity of electricity supplied to any consumer if, by reason of any unforeseen circumstances beyond its control, the supply of electricity generated is insufficient to enable the full quantity to be conveniently supplied. Where there is a reduction in the supply of electricity, the Act provides that Solomon Power shall not be liable for any loss or damage caused by such reduction. In 2024, load-shedding was experienced in several parts of Honiara. Legal Division continues to enforce the protective provisions of the Electricity Act in response to claims related to the load-shedding.
- Solomon Power has policies in place to ensure ethical conduct by its employees. Legal Division is responsible for investigating employee compliance of Solomon Power's policies. In 2024, Legal Division carried out various activities to strengthen compliance and enhance employee conduct, including disciplinary investigations.
- The Electricity (Amendment) Act 2023 was passed in Parliament in November 2023. A key amendment is to section 21 of the Electricity Act, which empowers the Director of Energy, of the Ministry of Mines, Energy and Rural Electrification (MMERE), to recommend the electricity tariff after consulting with relevant stakeholders, and the recommended tariff may then be fixed by the Minister of MMERE. The commencement date for this amendment Act is yet to be gazetted.

Corporate Governance Practices

Role of the Board

As required by Section 6 (4) of the State-Owned Enterprises Action 2007, the Board is responsible for charting the Company's strategic direction, for the setting of objectives, policy guidelines, goals management, and for monitoring the achievement of these matters.

The Board is also responsible for reviewing the Business Plan, Corporate Plan and Statement of Corporate Objectives, and approves the Operating and Capital Budgets each year. The Board also reviews matters of a major or unusual nature, which are not in the ordinary course of business.

Composition of the Board as at 31st December 2024

The Board Directors, appointed under the State-Owned Enterprises Regulation 2010, (Part 2, Prescribed Process of Appointment of Directors) are as follows:

Name	Position	Appointment	Term	Status
Mr David K.C. Quan, O.B.E	Chairman	20 February 2021	3 years	Extend
Ms Muriel Ha'apue-Dakamae	Director	17 December 2018	3 years	Extend
Mr James Apaniai	Director	17 December 2018	3 years	Extend
Ms Lilly Lomulo	Director	22 June 2022	3 years	Extend
Mr James Habu	Director	22 June 2022	3 years	Extend

Directors' Duties

The role and duties of the Directors are defined in regulations 17 to 27 of the State-Owned Enterprise Regulations, 2010. A key responsibility of the Directors is to achieve the principal objective of the Authority as stated in Section 5 of the SOE Act.

The principal objective of every State-Owned Enterprise shall be to operate as a successful business and, to this end, to be:

- As profitable and efficient as comparable businesses that are not owned by the Crown or established as statutory bodies by an Act of Parliament;
- A good employer; and,
- An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

Statutory Duties of the Board

In addition to the above duties, the Board of Directors of SP collectively and individually have agreed on the fulfilment of the following duties towards the company:

- When exercising powers or performing duties, Directors must act in good faith and in what the Director believes to the best interests of the State-Owned Enterprise.
- A Director of a State-Owned Enterprise, when exercising a power as Director, must exercise that power for a proper purpose.
- A Director of a State-Owned Enterprise must not:
 - agree to the business of the State-Owned Enterprise being carried out on or in a manner likely to create a substantial risk of serious loss to the State-Owned Enterprises creditors or, and
 - Cause or allow the business of a State-Owned Enterprise to be carried out on or in a manner likely to create substantial risk of loss to the State-Owned Enterprise creditors.
- A Director must not agree to the State-Owned Enterprise incurring an obligation unless the Director believes at the time, on reasonable grounds, that the State-Owned Enterprise will be able to perform the obligation when it is required to do so.
- A Director of a State-Owned Enterprise, when exercising powers or performing duties, must exercise the care, diligence, and skills that a reasonable Director would exercise in the same circumstances.
- Another controlling measure imposed on Directors is the requirement to enter any conflict of interest in an interest's register.

Fiduciary Duties of Directors

The Directors of SP also owe the following duties to the company. These fiduciary duties form the code of ethics of SP. A fiduciary relation imposes an obligation of utmost good faith on Directors by putting the interests of the Company first, and the SP Directors have pledged to uphold this principle at all times. The fiduciary duties of the Directors include the following:

- To act in good faith in the best interest of the Company.
- To exercise powers for a proper purpose.
- To retain discretion.
- To avoid conflicts of interest.

Board Meetings

The Board held 22 meetings during the financial year, which ended 31 December 2024. Of these, six (6) were scheduled meetings and the rest extra-ordinary meetings. The regular business of the Board covers corporate governance, financial performances and risk management, business investment and strategic matters.

Board Committees

There are three Board Sub-committees, Audit Finance Governance and Risk, Technical, and Human Resources, that are responsible for deliberating detailed issues and making suitable recommendations to the Board. The Sub-committees meet as and when required.

Board Secretary
Mrs Natalie Kairi

Audit, Finance, Governance & Risk Sub-committee

Membership:

January – December

1. Muriel Ha'apue-Dakame – Chairlady
2. David K.C. Quan, O.B.E. – Member
3. James Apaniai – Member
4. Lilly Lomulo – Member
5. James Habu – Member

Number of meetings: 4

HR Sub-Committee

Membership:

January - December

1. Lilly Lomulo – Chairlady
2. David K.C. Quan, O.B.E. – Member
3. Muriel Ha'apue-Dakame – Member
4. James Apaniai – Member
5. James Habu – Member

Number of meetings: 4

Technical Sub-Committee

Membership:

January - December

1. James Habu – Chairman
2. David K.C. Quan, O.B.E. – Member
3. Muriel Ha'apue-Dakame – Member
4. James Apaniai – Member
5. Lilly Lomulo – Member

Number of meetings: 4



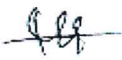
Financial Statements

Financial Statements for the year ended 31 December 2024

Solomon Islands Electricity Authority trading as SOLOMON POWER

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Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Solomon Islands Electricity Authority ("SIEA" or "the Authority") trading as Solomon Power, as at 31 December 2024 and the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

1. Directors

The Directors who were in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue were as follows:

Davis K.D. Guan O.B.E. - Chairman
James Apunai
James Habu
Lily Lomilo
Muriel Halapue-Bakamae

2. State of affairs

In complying with the Electricity Act (Cap 128) and the State Owned Enterprises Act of 2007, the Directors hereby submit the financial statements of SIEA consisting of the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows of SIEA for the year then ended.

3. Principal activities

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands as governed by the Electricity Act (Cap 128).

There were no significant changes in the nature of the activities of the Authority during the year.

4. Results of the operations

The total comprehensive income for the year was \$55,211,727 (2023: \$264,386,911).

5. Dividends

The Directors have declared and paid a dividend of \$3,000,000 for the financial year ended 2024 (2023: \$4,000,000).

6. Going concern

The Directors believe that the Authority will be able to continue to operate for at least 12 months from the date of this report.

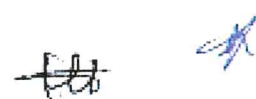
7. Assets

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that the assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

8. Transfer from asset revaluation reserves to retained earnings

The Directors resolved to transfer \$171,853 (2023: \$288,213) from asset revaluation reserves to retained earnings as a result of the derecognition of assets during the financial year.



Directors' Report

9. Bad and doubtful debts

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for expected credit loss.

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for expected credit loss, inadequate to any substantial extent.

10. Directors' benefits

No director of the Authority has, since the last financial year, received or become entitled to receive any benefit (other than benefits included in the amount of consultancy fees and directors fees and expenses or shown in the financial statements under related party note) by reason of a contract made with the Authority or a related corporation with the director or with a firm of which he/she is a member or with a company in which a director has a substantial financial interest.

11. Unusual transactions

The results of the Authority's operations during the financial year have not, in the opinion of the Directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

12. Events subsequent to balance date

After the balance sheet date, Solomon Power announced that, effective 1 January 2025, there will be a reduction in the non-fuel component of its tariff. Specifically, the tariff will be reduced by 8.3%, which equates to a decrease of 67 cents per Kilowatt.

This event was approved by the Board after the reporting period and does not relate to conditions that existed at the balance sheet date. Consequently, no adjustments have been made to the financial statements for the period ended 31st December 2024. However, management has determined that this tariff reduction is likely to impact future revenue streams. The effects of the tariff change will be recognized in the financial statements for the period beginning 1 January 2025.

Management continues to evaluate the potential quantitative impact on future periods and will update stakeholders in subsequent reports as additional information becomes available.

13. Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Signed in accordance with a resolution of the Directors:



Director



Director

Dated at Honiara this 28th day of March 2025.



**Independent Auditor's Report to the Members of Solomon Islands
Electricity Authority Trading as Solomon Power**

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Solomon Islands Electricity Authority (the Authority) which comprise the Statement of Financial Position as at 31st December 2024, and the Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out in notes 1 to 30.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Independent Auditor's Report continued

International Standards of Supreme Audit Institutions (ISSAI) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

- i) proper books of account have been kept by the Authority, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books; and
- ii) to the best of my knowledge and according to the information and explanations given to us, the financial statements give the information required by the Electricity Act (Cap. 128) State Owned Enterprises Act 2007 and Public Finance and Audit Act (Cap. 120) in the manner so required; and
- iii) the Authority complied with the requirements of the State Owned Enterprises Act, 2007, which requires the audited financial statements submitted to the Minister within three months of the financial year to which the financial statements relate.

David Dennis
Auditor General
28 March 2025

Office of the Auditor General
Honiara, Solomon Islands

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 \$	2023 \$
OPERATING INCOME			
Electricity sales	5	637,680,702	563,165,476
Amortisation of deferred income		8,824,592	8,831,579
Other operating income	6	6,827,194	11,578,639
Reversal of credit impairment		-	23,926
TOTAL OPERATING INCOME		653,332,488	583,599,620
EXPENSES			
Generation and distribution	7	(345,839,821)	(319,793,819)
Administrative	8	(77,210,042)	(74,720,917)
Operating	9	(32,819,099)	(30,617,759)
Depreciation and amortisation	16	(142,130,396)	(109,858,133)
Depreciation of right-of-use assets	17	(2,473,684)	(2,854,812)
Inventory and asset write-off		(622,343)	(612,433)
TOTAL EXPENSES		(601,095,385)	(538,457,873)
PROFIT FROM OPERATIONS		52,237,103	45,141,747
Finance income	11	5,052,392	6,604,148
Finance costs	11	(1,077,768)	(1,377,631)
NET FINANCE INCOME		3,974,624	5,226,517
PROFIT BEFORE TAX		56,211,727	50,368,264
Income tax	3(g)	-	-
PROFIT FOR THE YEAR		56,211,727	50,368,264
OTHER COMPREHENSIVE INCOME			
Revaluation increment - property, plant & equipment	16	-	204,018,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		56,211,727	254,386,911

Statement of Financial Position

As at 31 December 2024

	Notes	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	309,385,459	228,364,335
Inventories	13	63,378,896	73,026,530
Trade and other receivables	14	58,162,709	71,505,752
Prepayments	15	15,880,829	26,935,036
TOTAL CURRENT ASSETS		446,807,893	399,831,653
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,546,501,695	1,480,711,812
Right-of-use assets	17	6,449,885	5,957,897
Government bonds	18	42,142,857	113,571,429
TOTAL NON-CURRENT ASSETS		1,595,094,437	1,600,241,138
TOTAL ASSETS		2,041,902,330	2,000,072,791
LIABILITIES			
CURRENT LIABILITIES			
Deferred income	19	8,824,592	8,831,579
Trade and other payables	20	50,697,282	62,882,049
Lease liabilities	17	1,387,422	1,637,267
Borrowings from SIG	21	2,802,313	2,802,313
Employee benefits	22	3,514,423	4,443,427
TOTAL CURRENT LIABILITIES		67,226,032	80,596,635
NON-CURRENT LIABILITIES			
Deferred income	19	132,605,206	132,771,757
Lease liabilities	17	1,615,398	903,788
Borrowings from SIG	21	12,480,077	12,603,137
Employee benefits	22	19,618,912	18,052,496
TOTAL NON-CURRENT LIABILITIES		166,319,593	164,331,178
TOTAL LIABILITIES		233,545,625	244,927,813
NET ASSETS		1,808,356,705	1,755,144,978
EQUITY			
Contributed capital	23	246,933,170	246,933,170
Asset revaluation reserve		648,351,665	648,523,548
Accumulated profit		913,071,870	859,688,260
TOTAL EQUITY		1,808,356,705	1,755,144,978

Signed for and on behalf of the Board of Directors:


Director


Director

Statement of Changes in Equity

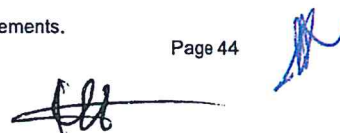
For the year ended 31 December 2024

		Contributed capital	Asset revaluation reserve	Accumulated profit	Total equity
	Note	\$	\$	\$	\$
BALANCE AT 1 JANUARY 2023		246,933,170	444,793,114	813,031,783	1,504,758,067
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net profit for the year		-	-	50,368,264	50,368,264
Revaluation of land and buildings	16	-	204,018,647	-	204,018,647
Disposal of revalued property, plant and equipment		-	(288,213)	288,213	-
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(4,000,000)	(4,000,000)
BALANCE AT 31 DECEMBER 2023		246,933,170	648,523,548	859,688,260	1,755,144,978
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net profit for the year		-	-	56,211,727	56,211,727
Disposal of revalued property, plant and equipment		-	(171,883)	171,883	-
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(3,000,000)	(3,000,000)
BALANCE AT 31 DECEMBER 2024		246,933,170	648,351,665	913,071,870	1,808,356,705

Statement of Cash Flows

For the year ended 31 December 2024

		2024	2023
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		654,898,223	571,272,206
Cash payments to suppliers and employees		(444,273,846)	(434,407,763)
Interest income	11	5,264,655	6,360,989
Interest expense	11	(1,077,768)	(1,377,631)
NET CASH FROM OPERATING ACTIVITIES		214,811,264	141,847,801
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Government bonds		-	(35,000,000)
Receipt on Government bonds		71,428,572	17,142,857
Reimbursement from SIG		298,141	-
Proceeds from sale of property, plant and equipment		-	190,639
Acquisition of property, plant and equipment	16	(208,540,940)	(176,367,227)
NET CASH USED IN INVESTING ACTIVITIES		(136,814,227)	(194,033,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,000,000)	(4,000,000)
Repayment of SIG Borrowings	21	(2,802,782)	(2,801,845)
Borrowing from SIG		2,679,722	-
Cash receipts from donor grants		8,651,054	2,724,273
Payment for lease liability	17	(2,503,907)	(2,795,576)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		3,024,087	(6,873,148)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		81,021,124	(59,059,078)
Cash and cash equivalents at beginning of the year		228,364,335	287,423,413
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	309,385,459	228,364,335



Notes to the Financial Statements

For the year ended 31 December 2024

Note 1 Reporting entity

Solomon Islands Electricity Authority (SIEA or the Authority) is a state owned enterprise established under the *Electricity Act* (Cap 128) 1969 and is domiciled in Solomon Islands. SIEA's registered office and principal place of business is at the Ranadi Complex, Solomon Islands. There is no subsidiary companies.

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands. SIEA is the owner and operator of the Solomon Island Government's owned electricity supply systems.

Note 2 Basis of preparation

a) *Statement of compliance*

The financial statements have been prepared in accordance with the *State-Owned Enterprise Act 2007*, and in accordance with accepted reporting principles. The financial statements comply with International Financial Reporting Standards (IFRS) Accounting Standards as issued by International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the SIEA's Board of Directors on [date].

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

c) *Functional and presentation currency*

The financial statements are presented in Solomon Islands Dollars ("SBD"), which is SIEA's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

d) *Use of judgements and estimates*

The preparation of the financial statements in conformity with IFRS accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a) - Revenue;
- Note 3(c) - Impairment of non-derivative financial assets and non-financial assets;
- Note 3(e)(iv) - Revaluation of property, plant and equipment;
- Note 3(f) - Employee benefits; and
- Note 3(k) - Leases.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies

SIEA has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

a) Revenue

Under IFRS 15, revenue is recognised by the Authority when or as it satisfies a performance obligation by transferring a service to a customer, either at a point in time (when) or over time (as). For the generation, distribution and sales of electricity, the customer simultaneously receives and consumes the benefits provided as the Authority renders the service. This has resulted in revenue from sale of electricity being recognised over time. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. SIEA recognises revenue when it transfers control over a product or service to a customer.

Nature and timing of satisfaction of performance obligations and significant payment terms

There is an implied contract between a customer and the Authority for the purchase, delivery and sale of electricity. This represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The customer obtains control of the good (electricity) when delivered and consumed by them over time.

Invoices are issued monthly and are usually payable within 30 days thus there is no significant financing component.

Contract with customers permit quantities of electricity consumed to be estimated based on previous months' average consumption in the event the Authority could not conduct the monthly meter readings.

Revenue including upfront fees is recognised net of GST and discount over time and the progress is determined based on kilowatts (units) consumed. This provides a faithful depiction of the transfer of the good as the customer simultaneously receives and consumes the benefits provided by the Authority's performance of the electricity revenue contract.

The transaction price is determined based on approved tariffs at the time the service had been rendered and units of kilowatts consumed by the customers. The transaction price includes the non-refundable upfront fees as it is not considered to be a significant material right. The transaction price is considered to be variable due to the following:

- tiered-pricing for domestic, commercial and industrial customers; and
- estimate of unbilled electricity supplied to 'domestic' customers.

The variable consideration is included in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. For Solomon Power however the considerations are constrained because it is calculated based on actual units consumed during the period, thus consideration for the period is known.

b) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

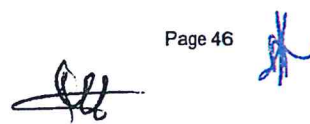
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

b) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Authority may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. These include short-term investments (term deposits).

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Authority's equity investments (if any) would relate to investments in listed securities.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

b) Financial instruments (continued)

iii. Derecognition

Financial assets

SIEA derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SIEA neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SIEA enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

SIEA derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SIEA also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SIEA currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Impairment

i. Non-derivative financial assets

Financial instruments

SIEA recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

SIEA measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include significant financing component. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward-looking information.

SIEA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. SIEA considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to SIEA in full, without recourse by the Authority to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

c) Impairment (continued)

i. Non-derivative financial assets (continued)

SIEA considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Authority considers this to be Baa3 or higher per rating agency Moody's or BBB or higher per rating agency Standards & Poor's. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which SIEA is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows: the present value of all cash shortfalls (i.e. the difference between the cash flows owed to the Authority in accordance with the contract and the cash flows that SIEA expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SIEA determines that the debtor does not have assets or sources of income or adequate customer deposits that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Authority's procedures for recovery of amounts due.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

c) Impairment (continued)

ii. Non-financial assets

At each reporting date, SIEA reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Authority estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase through OCI.

d) Inventories

Inventory is recorded at the lower of cost and net realisable value after due consideration for excess and obsolete items. The cost of inventories is based on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

e) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. Cost is determined by including all costs directly associated with bringing the assets to their location and condition for their intended use. The recognition threshold is \$5,000.

Purchased items including software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have materially different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in statement of comprehensive income. When revalued assets are sold, any related amount included in the asset revaluation reserve is transferred to retained earnings.

Certain easements may have been donated by the Crown. These are recognised at cost (\$nil) plus any direct cost associated with putting the easement in place.

ii. Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to SIEA and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

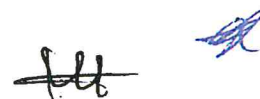
Depreciation is based on either the cost or revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation of property, plant and equipment is calculated using the straight-line method to write down the cost or revalued amount of property, plant and equipment to its estimated residual value over its estimated useful life.

The standard estimated useful lives and depreciation rates for SIEA asset classes are as follows:

Land - leasehold	amortised over the term of the lease
Buildings - operational including power stations	20 to 30 years
Buildings - non-operational	15 to 50 years
Generators	10 to 40 years
Plant & equipment	10 to 25 years
Distribution network	20 to 60 years
Furniture & equipment	5 years
Furniture & equipment - information technology	3 to 5 years
Motor vehicles	5 years
Tools	3 to 5 years

The useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

e) Property, plant and equipment (continued)

iv. Revaluation of property, plant and equipment

Land, buildings, generators and plants are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation of assets. The fair values are recognised in the financial statements of SIEA and are reviewed at the end of each reporting period to ensure that the carrying value of assets is not materially different to their fair values.

The primary valuation methodologies used in valuing land and buildings are the direct comparison and income capitalisation approaches cross checked with cost approach. These methodologies use market derived assumptions, including rents, capitalisation and terminal rates, and discount rates obtained from analysed transactions. The adopted methodologies are considered to provide the best estimate of value.

The Directors propose to have such asset revaluations every three or five years.

Electricity infrastructure assets are valued on an optimised depreciated replacement cost (ODRC) approach. The ODRC valuation of electricity assets is generally considered to represent the minimum cost of replacing or replicating the service potential embodied in the network with modern equivalent assets in the most efficient way possible from an engineering perspective, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Any revaluation increase arising on the revaluation of assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of assets is charged as an expense in statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, is transferred directly to retained earnings.

v. Capital work in progress

Capital work in progress is recorded at cost. Cost is determined by including all costs directly associated with bringing the assets to their location and condition. Finance costs incurred during the period of time that is required to complete and prepare the asset for its intended use are capitalised as part of the total cost for capital work in progress. The finance costs capitalised are based on the Authority's weighted average cost of borrowing. Assets are transferred from capital work in progress to property, plant and equipment as they become operational and available for its intended use.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

f) Employee benefits

Provision is made for benefits accruing to employees when it is probable that settlement will be required, and they are capable of being measured reliably.

i. Short-term employee benefits

Short-term benefits comprise of accrued salaries and wages, bonus, annual leave, and entitlement to Solomon Islands National Provident Fund are expenses as the related service is provided.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the rate expected to apply at the time of settlement.

ii. Long-term employee benefits

A early retirement scheme is a long-term benefit provided by SIEA to its employees.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated cash flows to be made by SIEA in respect of future benefits that employees have earned in return for their services in the current and prior periods.

For each future year the amounts of entitlements expected to be paid on termination of employment have been determined by making a projection of each employee based on their current salary, age and service, as well as assumed rates of death, disablement, retirement, resignation and rates of inflation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed discount rate to determine the total liability.

g) Income tax

Under the Electricity Act, SIEA is exempt from income tax.

h) Foreign currency transactions

Transactions denominated in a foreign currency that are not hedged are converted at the prevalent exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates prevailing at balance sheet date. Exchange differences arising on the translation or settlement of accounts payable and receivable in foreign currencies are recognised in the statement of comprehensive income.

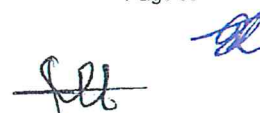
i) Grants

An unconditional grant related to an asset is recognised in profit or loss as other income when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and SIEA will comply with the conditions associated with the grant and are then recognised in statement of profit or loss and other comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate SIEA for expenses incurred are recognised in profit or loss as other operating income in the same periods in which the expenses are recognised.

j) Provisions

SIEA recognises provisions when there is a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation at reporting date. Where a provision is measuring the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

k) Leases

At inception of contract, SIEA assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, SIEA assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- SIEA has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- SIEA has the right to direct the use of the asset. SIEA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, SIEA has the right to direct the use of the asset if either:
 - SIEA has the right to operate the asset; or
 - SIEA designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, SIEA allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, SIEA has elected not to separate non-lease components and account for the leases and non-lease components as a single lease.

i. As a lessee

SIEA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, SIEA's incremental borrowing rate. Generally, SIEA uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that SIEA is reasonably certain to exercise, lease payments in an optional renewal period if SIEA is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless SIEA is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in SIEA's estimate of the amount expected to be payable under a residual value guarantee, or if SIEA changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 3 Summary of accounting policies (continued)

k) Leases (continued)

Short-term leases and leases of low-value assets

SIEA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, temporary staff residences and leases of low-value assets, including IT equipment. SIEA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When SIEA acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, SIEA makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, SIEA considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When SIEA is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which SIEA applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, SIEA applies IFRS 15 to allocate the consideration in the contract.

l) Accounting standard issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the following new or amended accounting standards in preparing these financial statements.

i. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

ii. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements.

- *Lack of Exchangeability (Amendments to IAS 21)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

Notes to the Financial Statements

For the year ended 31 December 2024

Note 4 Financial risk management

SIEA has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest rate risk

This note presents information about SIEA's exposure to each of the above risks and SIEA's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of SIEA's risk management framework. SIEA's risk management policies are established to identify and analyse the risks faced by SIEA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SIEA's activities. SIEA, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

SIEA's Board oversees how management monitors compliance with SIEA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by SIEA. The Board is assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and processes, the result of which is reported to the Board.

The above risks are limited by SIEA's financial management policies and procedures as described below:

i. Credit risk

Credit risk is the risk of financial loss to SIEA if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from SIEA's receivables from customers, investment in debt securities, and cash and call deposits.

SIEA's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of SIEA's customer base, including the default risk of the industry as these factors may have an influence on credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 4 Financial risk management (continued)

i. Credit risk (continued)

Expected credit loss assessment

Trade receivables

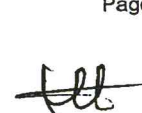
SIEA uses a provision matrix to determine the lifetime expected credit losses. It is based on the SIEA's historical observed default rates and is adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year. At each reporting date, the Authority updates the observed default history and forward-looking estimates.

SIEA uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Kilowatt debtors:

	Weighted average loss rates %	Gross carrying amounts \$	Loss allowance \$	Credit impaired
2024				
Current - 30 days past due	22.0%	23,320,090	5,123,914	No
30 - 59 days past due	33.9%	8,127,977	2,752,215	No
60 - 89 days past due	50.7%	4,093,066	2,073,449	No
90 or more days in past due	58.2%	17,782,498	10,352,558	Yes
		53,323,631	20,302,136	
2023				
Current - 30 days past due	15.3%	26,813,341	4,092,250	No
30 - 59 days past due	26.5%	16,046,505	4,259,002	No
60 - 89 days past due	47.4%	4,419,980	2,095,697	No
90 or more days in past due	73.7%	12,731,695	9,386,440	Yes
		60,011,521	19,833,389	

Notes to the Financial Statements

For the year ended 31 December 2024

Note 4 Financial risk management (continued)

I. Credit risk (continued)

Cash power debtors:

	Weighted average loss rates %	Gross carrying amounts \$	Loss allowance \$	Credit impaired
2024				
Current - 30 days past due	56.0%	71,015	39,793	No
30 - 59 days past due	75.5%	24,302	18,349	No
60 - 89 days past due	0.0%	-	-	No
90 or more days in past due	100.0%	4,780,702	4,780,702	Yes
		4,876,019	4,838,844	
2023				
Current - 30 days past due	9.7%	122,804	11,912	No
30 - 59 days past due	11.8%	140,081	16,543	No
60 - 89 days past due	12.4%	4,352	538	No
90 or more days in past due	57.8%	5,366,723	3,101,718	Yes
		5,633,960	3,130,711	

Loss rates are based on actual credit loss experienced over the past three years.

The movement in the allowance for impairment in respect of trade receivables and other receivables during the year is disclosed in Note 14.

Impairment on other receivables from Solomon Islands Government and state-owned entities has been measured on the 12 month expected loss basis, and the resulted impairment losses is not considered material by management on reporting date.

Cash and cash equivalents

SIEA held cash and cash equivalents of \$309,385,459 at 31 December 2024 (2023: \$228,364,335). The cash is held with different banks, whose ratings ranged from Aa3 to Caa1 based on Moody's credit ratings.

SIEA uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures.

Accordingly, due to short maturities, the Authority did not recognise an impairment allowance against cash and cash equivalents as at 31 December 2024 (2023: \$nil).

Debt investment securities

SIEA held debt investment securities of \$42,142,857 at 31 December 2024 (2023: \$113,571,429). The debt investment securities are held with institutions which are rated Aa3 to B3 based on Moody's credit ratings. In relation to debt investment securities held with these institutions, the Authority monitors changes in credit risk by tracking published external credit ratings but when external credit ratings are not available or published, SIEA monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks and Solomon Islands Government has been measured on the 12 month expected loss basis.

The Authority did not recognise an impairment allowance against debt securities as at 31 December 2024 (2023: \$nil).




Notes to the Financial Statements

For the year ended 31 December 2024

Note 4 Financial risk management (continued)

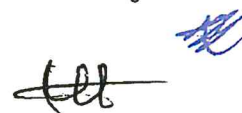
ii. Liquidity risk

Liquidity risk is the risk that SIEA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. SIEA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to SIEA's reputation.

SIEA ensures that it has sufficient cash on hand to meet operational expenses including the servicing of financial obligations but this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

	Carrying amount	6 months or less	6 - 12 months	Greater than 1 year	Total
31 December 2024	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES					
Trade, other payables and customer deposits	47,079,069	47,079,069	-	-	47,079,069
Solomon Islands Government loan	15,282,390	1,706,804	1,678,781	13,638,802	17,024,387
Lease liability	3,002,820	919,425	746,370	4,185,012	5,850,807
	65,364,279	49,705,298	2,425,151	17,823,814	69,954,263
31 December 2023	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES					
Trade, other payables and customer deposits	59,048,259	59,048,259	-	-	59,048,259
Solomon Islands Government loan	15,405,450	1,709,266	1,681,242	13,779,090	17,169,598
Lease liability	2,541,055	1,298,576	514,559	3,421,270	5,234,405
	76,994,764	62,056,101	2,195,801	17,200,360	81,452,262



Notes to the Financial Statements

For the year ended 31 December 2024

Note 4 Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates will affect SIEA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Fuel price risk

SIEA is subject to a monthly tariff review. The tariff is based on the Electricity Tariff (Base Tariff and Tariff Adjustments) Regulations 2021 which is adjusted every month for the Honiara Consumer Price Index (CPI), the Producers Price Index (PPI, USA), the exchange rate between the US\$ and SBD and the fuel price movements. Fuel costs of \$257 million (2023: \$240 million) comprises 42.66% (2023: 45%) of the expenditure of SIEA, so movements in fuel prices are critical to the profitability of SIEA. The monthly tariff review however considers the fuel price movements, the CPI, PPI and exchange rate changes, therefore there is a natural hedge against market movements.

A change of 100 basis points (bp) in fuel pricing at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100bp decrease	100bp increase
	\$'000	\$'000
Revenue	630,500	686,300
Expenditure	(576,473)	(627,873)
NET PROFIT	54,027	58,427

iv. Interest rate risk

Interest rate risk is the risk that a change in interest rates will impact net interest costs and borrowings.

SIEA has invested in debt securities and has interest-bearing borrowing from the Solomon Islands Government. These are at a fixed interest rate during the term of the instruments.

Given the fixed nature of interest rates described above, the Authority has a high level of certainty over the impact on cash flows arising from interest income and interest expenses. Accordingly, SIEA does not require simulations to be performed over impact on net profits arising from changes in interest rates.

Furthermore, for those financial assets and financial liabilities which are not carried at fair value, their carrying amount is considered a reasonable approximation of fair value.

v. Currency risk

The Authority is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases, and borrowings are denominated and the respective functional currencies. The Authority does not have significant exposure to currency risk.



Notes to the Financial Statements

For the year ended 31 December 2024

	2024	2023
	\$	\$
Note 5 Revenue		
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Kilowatt sales	447,418,254	398,891,795
Cash power sales	189,226,418	163,433,299
Sales works	1,036,030	840,382
	637,680,702	563,165,476
OTHER REVENUE		
Amortisation of deferred income	8,824,592	8,831,579
Income from asset relocation	-	5,050,000
State cheques	35,597	255,614
Other income	6,791,597	6,273,025
Reversal of credit impairment	-	23,926
TOTAL REVENUE	653,332,488	583,599,620
	2024	2023
	\$	\$
Note 6 Other operating income		
Other	6,791,597	3,548,752
Relocation claims	-	5,050,000
State cheques	35,597	255,614
Unconditional grant income	-	2,724,273
TOTAL OTHER OPERATING INCOME	6,827,194	11,578,639
	2024	2023
	\$	\$
Note 7 Generation and distribution		
	Notes	
Fuel		256,874,220 240,574,430
Lubricating oil		2,510,424 3,403,092
Other		4,539,200 3,249,600
Personnel	10	43,985,717 42,379,598
Repairs and maintenance		37,930,260 30,187,099
TOTAL GENERATION AND DISTRIBUTION		345,839,821 319,793,819



Notes to the Financial Statements

For the year ended 31 December 2024

Note 8 Administrative

		2024	2023
	Notes	\$	\$
Advertising		535,533	415,913
Bank fees		190,680	204,220
Computer bureau charges		2,036,888	1,974,169
Consultancy fees		4,916,354	5,807,107
Directors fees and expenses		631,270	210,732
Electricity		5,584,543	4,386,304
Electricity rebate		6,930,741	6,771,712
Freight		784,740	493,384
Insurance		3,506,406	3,147,274
Personnel	10	32,491,201	33,657,559
Printing and stationery		2,344,970	2,549,377
Professional fees		560,389	389,631
Property expenses		7,769,572	7,549,927
Telecommunications		3,747,583	4,695,330
Travel and accommodation		3,003,291	2,468,278
Bad and doubtful debts		2,175,881	-
TOTAL ADMINISTRATIVE		77,210,042	74,720,917

Note 9 Operating expenses

		2024	2023
	Notes	\$	\$
Customs handling charges		764,968	1,196,553
Personnel	10	22,653,915	20,544,122
Repairs and maintenance		4,078,644	3,414,379
Vehicle costs		5,321,572	5,462,705
TOTAL OPERATING EXPENSES		32,819,099	30,617,759

Notes to the Financial Statements

For the year ended 31 December 2024

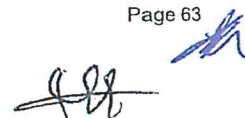
	2024	2023
	\$	\$
Note 10 Personnel expenses		
Salaries and wages	58,046,299	55,137,573
National Provident Fund	3,632,591	3,574,149
Retirement benefit expense	3,892,513	3,273,749
Others	33,559,530	34,595,808
TOTAL PERSONNEL EXPENSES	99,130,933	96,581,279

Personnel expenses classed by function is as follows:

	2024	2023
	\$	\$
Generation and distribution	43,985,717	42,379,598
Administrative	32,491,201	33,657,559
Operating expenses	22,653,915	20,544,122
	99,130,833	96,581,279

Average number of employees during the year was 321 (2023: 314).

	2024	2023
	\$	\$
Note 11 Net finance income		
FINANCE INCOME		
Interest received	4,924,152	6,360,989
Foreign exchange gain	128,240	243,159
TOTAL FINANCE INCOME	5,052,392	6,604,148
FINANCE COSTS		
Interest expense	(724,217)	(915,482)
Interest on lease liability	(353,551)	(462,149)
TOTAL FINANCE COSTS	(1,077,768)	(1,377,631)
TOTAL NET FINANCE INCOME	3,974,624	5,226,517



Notes to the Financial Statements

For the year ended 31 December 2024

Note 12 Cash and cash equivalents

For the purpose of cash and cash equivalents in the statement of financial position and in the statement of cash flows comprises of below:

	2024	2023
	\$	\$
Short-term deposits	44,381,439	24,370,000
Cash on hand	45,000	45,000
Cash at bank	264,959,020	203,949,335
TOTAL CASH AND CASH EQUIVALENTS	309,385,459	228,364,335

The short-term deposits amounting to \$44,381,439 (2023: \$24,370,000) are invested with ANZ Banking Group Ltd - Solomon Islands Branch and POB at a rate of 0.05% and 2.25% respectively. These deposits have terms of between on-call and three months. Accordingly, these short-term deposits have been considered as cash and cash equivalents for the purpose of the statement of cash flow.

	2024	2023
	\$	\$
Electrical and mechanical	63,848,670	73,496,304
Provision for inventory	(469,774)	(469,774)
TOTAL INVENTORIES	63,378,896	73,026,530

Note 14 Trade and other receivables

	2024	2023
	\$	\$
Trade receivables - kilowatt	53,323,631	60,011,521
Allowance for impairment - kilowatt	(20,302,136)	(19,833,388)
Trade receivables - cash power	4,876,019	5,633,960
Allowance for impairment - cash power	(4,838,844)	(3,130,711)
Staff advances	184,392	282,464
Allowance for impairment - staff advances	(37,732)	(45,759)
Unread meters	17,537,557	19,183,479
Solomon Island Government	3,728,250	4,026,391
Other debtors	3,974,827	5,671,842
Allowance for impairment - staff imprest	(283,255)	(294,047)
TOTAL TRADE AND OTHER RECEIVABLES	58,162,709	71,505,752

	2024	2023
	\$	\$
Allowance for impairment		
Balance at the beginning of the year	23,303,905	23,640,545
Additional impairment recognised/(reversed)	2,158,062	(23,926)
Bad debts written off during the year	-	(312,714)
BALANCE AT 31 DECEMBER	25,461,967	23,303,905

Notes to the Financial Statements

For the year ended 31 December 2024

	2024	2023
	\$	\$
Note 15 Prepayments		
Bond deposits	476,610	428,229
Insurance	1,072,857	974,399
Inventories	5,606,908	4,929,532
Generator rental	-	3,232,570
Prepaid rental	1,354,416	1,298,865
Subscriptions	1,523,260	1,402,091
Overhaul equipment	5,530,926	14,578,228
Others	315,852	91,122
TOTAL PREPAYMENTS	15,880,829	26,935,036



Notes to the Financial Statements

For the year ended 31 December 2024

Note 16 Property, plant and equipment

BALANCE AT 1 JANUARY 2023

Off set of accumulated depreciation as a result of a revaluation

Adjustment to asset revaluation reserve resulting from a revaluation

Reclassifications

Additions

Disposals

Work in progress capitalised

BALANCE AT 31 DECEMBER 2023

BREAKDOWN OF COST/REVALUATION

Revaluations

Cost

BALANCE AT 31 DECEMBER 2023

Additions

Disposals

Work in progress capitalised

BALANCE AT 31 DECEMBER 2024

	Land	Buildings	Generators	Plant & equipment	Distribution network	Furniture & equipment	Motor vehicles	Tools	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JANUARY 2023	104,517,598	174,730,146	293,618,395	164,847,094	401,360,836	41,392,574	36,448,513	15,465,215	350,293,512	1,582,673,883
Off set of accumulated depreciation as a result of a revaluation	-	-	(135,087,792)	(51,101,577)	(91,811,609)	-	-	-	-	(278,000,978)
Adjustment to asset revaluation reserve resulting from a revaluation	-	-	50,176,608	15,113,351	138,728,687	-	-	-	-	204,018,646
Reclassifications	-	-	-	(19,862,857)	19,862,857	-	-	-	-	-
Additions	-	16,367	-	-	-	-	-	-	176,350,860	176,367,227
Disposals	-	-	(15,976,699)	-	(349,829)	(956,699)	-	(217,476)	-	(17,500,703)
Work in progress capitalised	1,768,700	21,179,819	51,351,643	3,214,633	34,538,480	4,000,004	3,338,611	1,712,059	(121,103,949)	-
BALANCE AT 31 DECEMBER 2023	106,286,298	195,926,332	244,082,155	112,210,644	502,329,422	44,435,879	39,787,124	16,959,798	405,540,423	1,667,558,075
BREAKDOWN OF COST/REVALUATION										
Revaluations	90,633,902	61,286,867	96,217,992	83,988,799	316,395,987	-	-	-	-	648,523,547
Cost	15,652,396	134,639,465	147,864,163	28,221,845	185,933,435	44,435,879	39,787,124	16,959,797	405,540,424	1,019,034,528
BALANCE AT 31 DECEMBER 2023	106,286,298	195,926,332	244,082,155	112,210,644	502,329,422	44,435,879	39,787,124	16,959,797	405,540,424	1,667,558,075
Additions	-	-	-	-	-	6,730	-	-	208,534,210	208,540,940
Disposals	-	(632,247)	(94,770)	-	-	(3,957,634)	(3,487,013)	(4,698,088)	-	(12,869,752)
Work in progress capitalised	36,045,755	8,059,900	21,758,557	16,941,630	38,462,642	1,936,889	5,377,118	709,719	(129,292,210)	-
BALANCE AT 31 DECEMBER 2024	142,332,053	203,353,985	265,745,942	129,152,274	540,792,064	42,421,864	41,677,229	12,971,428	484,782,424	1,863,229,263

Notes to the Financial Statements

For the year ended 31 December 2024

Note 16 Property, plant and equipment

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES

	Land	Buildings	Generators	Plant & equipment	Distribution network	Furniture & equipment	Motor vehicles	Tools	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JANUARY 2023	13,802,506	10,240,424	147,857,196	48,216,454	85,740,215	30,955,824	22,422,752	12,928,361	-	372,163,732
Depreciation	-	10,158,247	35,246,352	9,835,742	30,654,402	4,719,591	4,842,418	1,588,493	-	97,045,245
Amortisation of leasehold land	12,812,888	-	-	-	-	-	-	-	-	12,812,888
Off set of accumulated depreciation as a result of a revaluation	-	-	(135,087,792)	(51,101,577)	(91,811,610)	-	-	-	-	(278,000,979)
Depreciation on disposed assets	-	-	(15,976,699)	-	(116,924)	(865,500)	-	(215,500)	-	(17,174,623)
BALANCE AT 31 DECEMBER 2023	26,615,394	20,398,671	32,039,057	6,950,619	24,466,083	34,803,915	27,265,170	14,301,354	-	186,846,263
Depreciation	-	10,799,441	61,630,766	11,136,132	35,370,187	3,966,442	5,163,248	1,214,310	-	129,280,526
Amortisation of leasehold land	12,849,870	-	-	-	-	-	-	-	-	12,849,870
Depreciation on disposed assets	-	(131,297)	(94,770)	-	-	(3,852,546)	(3,478,246)	(4,692,232)	-	(12,249,091)
BALANCE AT 31 DECEMBER 2024	39,465,264	31,066,815	93,575,053	18,086,751	59,836,270	34,923,811	28,950,172	10,823,432	-	316,727,568

Carrying amounts

AT 31 DECEMBER 2023	79,670,904	175,527,661	212,043,098	105,260,025	477,863,339	9,625,964	12,521,954	2,658,443	405,540,424	1,480,711,812
AT 31 DECEMBER 2024	102,866,789	172,287,170	172,170,889	111,065,523	480,955,794	7,498,053	12,727,057	2,147,996	484,782,424	1,546,501,695

Notes to the Financial Statements

For the year ended 31 December 2024

Note 16 Property, plant and equipment (continued)

SIEA has a policy to revalue infrastructure and property assets every 5 years. The land and buildings asset classes were revalued in 2021, and the revaluation for generators and the distribution network was completed in 2023 by Assured Valuation Pty Ltd. SIEA is of the opinion that there has been no material change in the carrying values of land, building, generators and distribution networks since the last revaluations as the assets are appropriately maintained.

In 2021 SIEA engaged IQV Development Realtors Services to carry out an independent valuation of all land and buildings. Land was valued at fair value, based on average market based evidence and buildings were valued using the replacement cost method upon the appraisal of a professionally qualified valuer. The valuation was completed in December 2021, booked into the accounts from that date, and reflected in the financial statements as at 31 December 2021.

The revaluation of buildings using the replacement cost method involved the application of certain unobservable inputs. These included the standard cost per square metre, benchmarked against the rates issued by the Honiara Town Council. Additional, a depreciation rate was applied based on the physical inspection of the buildings, their condition and the estimated cost of materials required to restore them to their original state, reflecting current market prices.

The result of the land and buildings valuation process was an increase in land and building assets and their corresponding reserves of \$71,717,897. However, this increase in value has been partially offset by impairment losses totalling \$506,708, which have been expensed in profit or loss.

In 2023, SIEA engaged Assured Valuations Pty Ltd to carry out an independent valuation for asset classes relating to Generators, Distribution network and Plant and Equipment. The valuation methodology utilized by Assured Valuations Pty Ltd was the optimised depreciated replacement cost approach. In determining the optimised replacement cost, Generator used the cost to capacity approach and Distribution and Plant and Equipment used the indexation approach. This revaluation report was dated as 30th April 2023 and reflected in the financial statements as at 31st December 2023. The combined results of the valuation process was an increase in Generator, Plant and Equipment, and Distribution Network of \$192,529,215 and its respective reserves of \$192,529,215.

During the year, management undertook a fixed asset verification of its vehicles, ICT equipment, furniture & fixtures and tools to ascertain their existence and values. The exercise resulted in a disposal of \$69,421, which was the book value of assets not in existence or no longer operational.

	2024	2023
	\$	\$
Perpetual Estate Land	19,841,962	19,841,962
Fixed Term Estate	83,024,827	59,828,942
	102,866,789	79,670,904



Notes to the Financial Statements

For the year ended 31 December 2024

Note 17 Leases

As a lessee

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	2024	2023
	\$	\$
Property, plant and equipment owned	1,546,501,695	1,480,711,812
Right-of-use assets	6,449,885	5,957,897
TOTAL ASSETS	1,552,951,580	1,486,669,709

SIEA leases various assets including land and buildings. Information about leases for which SIEA is a lessee is presented below:

	Land	Buildings	Total
	\$	\$	\$
a) Right-of-use assets			
2024			
Balance at 1 January	4,302,664	1,655,233	5,957,897
Additions to right-of-use assets	373	2,965,299	2,965,672
Depreciation charge for the year	(86,905)	(2,386,779)	(2,473,684)
BALANCE AT 31 DECEMBER	4,216,132	2,233,753	6,449,885
2023			
Balance at 1 January	4,293,128	4,062,221	8,355,349
Additions to right-of-use assets	96,719	360,641	457,360
Depreciation charge for the year	(87,183)	(2,767,629)	(2,854,812)
BALANCE AT 31 DECEMBER	4,302,664	1,655,233	5,957,897
b) Lease liabilities			
		2024	2023
		\$	\$
Current		1,387,422	1,637,267
Non-current		1,615,398	903,788
TOTAL LEASE LIABILITIES		3,002,820	2,541,055
c) Amounts recognised in profit or loss		2024	2023
		\$	\$
Interest on lease liabilities		353,551	462,149
Expenses relating to short-term leases		26,586	9,055,284
		380,137	9,517,433
d) Amounts recognised in statement of cash flows		2024	2023
		\$	\$
Total cash outflow for leases		2,503,907	2,795,576

Notes to the Financial Statements

For the year ended 31 December 2024

Note 18 Government bonds

	Principal amount	2024	2023
	\$	\$	\$
Government Bonds			
2018 Bond	30,000,000	17,142,857	21,428,572
2020 Bond	40,000,000	-	37,142,857
2022 Bond	30,000,000	-	20,000,000
2023 Bond	20,000,000	10,000,000	20,000,000
2023 Bond	15,000,000	15,000,000	15,000,000
	135,000,000	42,142,857	113,571,429

On 18 October SIEA purchased a SIG Private placement Bond with a face value of \$20M from the Solomon Islands Government. The bonds have an interest rate of 2.25% per annum which is to be paid semi-annually. The bonds have a maturity date of 24 October 2025.

On 8 December 2023 SIEA purchased Domestic Development Bonds with a face value of \$15M from the Solomon Islands Government. The bonds have an interest rate of 3% per annum which is to be paid semi-annually. The bonds have a maturity date of 27 December 2026.

On 22 March 2024 SIEA sold its COVID-19 Development Bonds purchased in 2020 to the Central Bank of Solomon Islands in the secondary market for its face value of \$37M. An interest of \$0.7M was also earned at the date of transaction.

	2024	2023
	\$	\$
Note 19 Deferred income		
Balance at 1 January	141,603,336	138,724,814
Additional deferred income	8,651,054	11,710,101
Deferred income recognised during the year	(8,824,592)	(8,831,579)
BALANCE AT 31 DECEMBER	141,429,798	141,603,336

The deferred income is shown on the statement of financial position as follows:

	2024	2023
	\$	\$
Current	8,824,592	8,831,579
Non-current	132,605,206	132,771,757
TOTAL DEFERRED INCOME	141,429,798	141,603,336

In 2007, the Government of Japan entered into an agreement with Solomon Islands Government to fund the construction of Lungga Generator and Power Station on behalf of SIEA. The funding of these capital works is a non-reciprocal grant. The value of the capital works was approximately \$48 million and has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the power station.

In 2014, a grant of approximately \$3.2 million was received from the Japanese International Corporation Agency (JICA) to fund a 50 kW solar grid at the Ranadi Headquarters in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 19 Deferred income (continued)

In 2013, a grant of approximately \$3.058 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of a 33kV underground power cable from Lungga Power Station to Ranadi Substation. This project was completed in May 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the underground power cable.

In 2013, a grant of approximately \$1.493 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of 11kV switchgear in Honiara Power Station. This project was completed in January 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

In 2013, a grant of approximately \$0.839 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of cooling radiators at the Lungga Power Station. This project was completed in June 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the radiators.

In 2015, a grant of approximately \$0.765 million was received from the Asian Development Bank to fund the construction of a Coconut Oil Conditioning Unit in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the unit.

In 2015, a grant of approximately \$1.015 million was received from the Asian Development Bank to fund the procurement of a Generator Set in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the generator.

In 2015, a grant of approximately \$0.867 million was received from the Asian Development Bank to fund the procurement of 11kV and 415V Distribution Equipment for the Auki Power Generation and Distribution Pilot Project. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

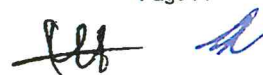
In 2016, a grant of approximately \$32.5 million was received from the United Arab Emirates Pacific Partnership Fund and the Ministry of Finance and Treasury of the Government of New Zealand to fund a 1000 kW grid connect solar farm at Henderson in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

In 2016, a grant of approximately \$1.627 million was received from the Italian Ministry for the Environment, Land and Sea to fund simulation software to enable SIEA to carry out electricity network planning together with the necessary training and consulting services. The deferred income will be amortised to statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.

In 2017 (\$1.465 million), 2018 (\$3.888 million), 2019 (\$9.902 million) and 2020 (\$1.596 million) grants were received from the Global Partnership on Output-Based Aid to subsidise the cost of providing electricity to low-income households. The deferred income is being amortised to the statement of comprehensive income over the life of the project.

In 2017 (\$0.306 million), 2018 (\$5.476 million), 2019 (\$37.731 million), 2020 (\$6.639 million) and 2024 (\$0.17 million) grants were received from the Asian Development Bank (ADB) to fund the construction of five grid connected solar power plants in an effort to increase the supply of reliable, clean electricity. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant (approximately \$67 million) has been utilised and the asset capitalised to the Fixed Asset register.

In 2018 (\$9.778 million) and 2019 (\$9.125 million) was received from the New Zealand Ministry of Foreign Affairs and Trade to expand the access to affordable, reliable and clean energy in rural areas of the Solomon Islands. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.



Notes to the Financial Statements

For the year ended 31 December 2024

Note 19 Deferred income (continued)

In 2018, grants totalling approximately \$10.516 million were received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund construction of power substations and the installation of transformers at Ranadi, Kola'a Ridge and for the relocation of the 11kV feeder 12 from Lungga Power Station to East Honiara Substation. The projects have been partially completed and where applicable the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the substations, transformers and the feeder.

In 2019 (\$0.387 million), 2020 (\$15.8 million), 2022 (\$2.4 million), 2023 (\$10.44 million) and 2024 (\$8.48 million) grants were received from the World Bank through the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) to fund construction of renewable energy hybrid mini-grids, electricity connections in low income areas, grid-connected solar power and the enabling of environment and project management. Total expected grant for the project is around \$113.296 million. The deferred income will be amortised to the statement of comprehensive income upon subsequent completion of the specific projects. The capitalisation of the completed project will also be made into the Fixed Asset register.

In 2021 Solomon Power and the Solomon Islands Government signed a collaboration agreement for the implementation of the rural electrification component under the community benefit sharing project. The funding under the collaboration agreement is to assist Solomon Power to construct transmission lines, house wiring and bring electricity to landowners who have provided their land and resources towards Tina River Hydro Project. In 2021, construction works up to \$4.179 million has been incurred and accumulated by Solomon Power under deferred income.

In 2023 \$1.27 million was also booked under the deferred income to fully reflect the \$5.45 million that was received from the World Bank as funding towards this project. Amortisation of the deferred income has commenced in the current year.

Note 20 Trade and other payables

	2024	2023
	\$	\$
Trade creditors	206,695	4,754,991
Other payables and accruals	39,577,168	47,416,193
Contractual liabilities	3,618,213	3,833,790
Consumer deposits	7,295,206	6,877,075
TOTAL TRADE AND OTHER PAYABLES	50,697,282	62,882,049




Notes to the Financial Statements

For the year ended 31 December 2024

Note 21 Solomon Islands Government loan agreement

Under an agreement signed with the Solomon Islands Government in June 2014, SIEA has been granted a loan facility of up to \$81,883,440 to assist in the financing of the Solomon Islands Sustainable Energy Project (SISEP), at an interest rate of 4% per annum. Under the terms of the agreement the funds have been made available by the Government in a timely manner to facilitate the implementation of SISEP and will be repaid by SIEA over 28 semi-annual payments of principal and interest which commenced from December 2015. The SISEP facility closed on 31st March 2019. To date the following principal amounts have been borrowed and repaid under this loan agreement.

	2024	2023
	\$	\$
Balance at 1 January	15,405,450	18,207,295
Principal repayments	(2,802,782)	(2,801,845)
Borrowing	2,679,722	-
BALANCE AT 31 DECEMBER	15,282,390	15,405,450

Analysis of borrowings expected to be settled within one year and more than one year:

	2024	2023
	\$	\$
Current	2,802,313	2,802,313
Non-current	12,480,077	12,603,137
TOTAL BORROWINGS FROM SIG	15,282,390	15,405,450

Note 22 Employee benefits

	2024	2023
	\$	\$
Current	3,514,423	4,443,427
Non-current	19,618,912	18,052,496
TOTAL EMPLOYEE BENEFITS	23,133,335	22,495,923

Movement is made up of the following:

	2024	2023
	\$	\$
Opening balance	22,495,923	20,473,238
Provisions made during the year	6,295,967	6,023,543
Provisions utilised during the year	(5,658,555)	(4,000,858)
CLOSING BALANCE	23,133,335	22,495,923

Note 23 Contributed capital

	2024	2023
	\$	\$
Contributed capital	246,933,170	246,933,170

Contributed capital represents the Solomon Islands Government's equity contributions to SIEA. This is not in the form of shares.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 24 Commitments

SIEA undertakes capital works and purchases assets according to an approved budget when management considers that sufficient funds are available. Capital commitments as at 31 December 2024 amounted to \$1,229,000,000 (2023: \$1,315,000,000). These commitments are in relation to property, plant and equipment.

	2024	2023
	\$	\$
Less than 1 year	326,000,000	251,000,000
Between 1 year and 5 years	903,000,000	1,064,000,000
	1,229,000,000	1,315,000,000

Note 25 Related parties

a) Directors

The Directors in office during the financial year were as follows:

Name
 David K.C. Quan O.B.E – Chairman
 James Apaniai
 James Habu
 Lilly Lomulo
 Muriel Ha'apue-Dakamae

Directors' fees and expenses are disclosed in Note 8.

SIEA's transactions with Directors were at arm's length.

b) Identity of related parties

SIEA being a state-owned entity is the sole provider of electricity in Solomon Islands. As a result, Government of Solomon Islands and other government-related entities are its related parties. Other related parties include Directors and key management personnel of SIEA.

c) Transactions with key management personnel

i. Key management personnel compensation

Key management personnel comprises of the Chief Executive Officer, Chief Financial Officer, Chief Engineer, Deputy Chief Engineer, General Manager Corporate Services, General Manager Customer Services, Manager Finance, Manager Regulatory, Manager Land & Buildings, Manager Generation and Outstations, Manager Distribution, Manager Occupational Health Safety, Manager Business Administration, Power Generation Lead Engineer, General Manager Special Projects, Chief Information & Communications Technology Officer, Manager Projects, Manager Construction, Manager Planning, Manager Contracts, Manager Management Accounting, Legal Counsel, OBA Program Manager and the Directors as listed in Note 25(a).

In addition to their salaries, SIEA also provides non-cash benefits to key management personnel and their total compensation comprised of the following:

	2024	2023
	\$	\$
Short-term employee benefits	13,734,169	14,305,387

Notes to the Financial Statements

For the year ended 31 December 2024

Note 25 Related parties (continued)

d) Amounts receivable from related parties

Included in trade receivables are the following amounts receivable from related entities:

	2024	2023
	\$	\$
Central Bank of Solomon Islands	140,453	312,384
Central Provincial Government	125,740	115,692
Choiseul Provincial Government	36,684	17,194
Commodity Export Marketing Authority	40,098	53,455
Guadalcanal Provincial Government	60,770	59,593
Home Finance Corporation	33,581	43,864
Honiara City Council	1,052,302	2,289,046
Makira/Ulawa Provincial Government	74,522	116,236
Malaita Provincial Government	939,842	1,386,542
Provincial Hospital	1,268,675	1,975,377
Solomon Airlines Limited	324,007	328,837
Solomon Islands Broadcasting Corporation	245,048	369,645
Solomon Islands Government	22,357,100	22,018,567
Solomon Islands National University	545,713	2,066,541
Solomon Islands Postal Corporation	54,379	11,890
Solomon Islands Water Authority	210,867	3,380,193
Temotu Provincial Government	67,678	74,402
Western Provincial Government	170,827	219,174
Isabel Provincial Government	287,645	584,318
Solomon Islands Ports Authority	942,298	-
Solomon Islands Visitor Bureau	394	-
	28,978,623	35,422,950

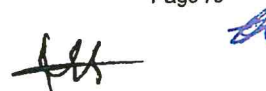
Receivables for the Solomon Islands Water Authority includes the trade receivables - kilowatt that relates to this organisation.

Note 26 Contingencies

Litigation is a common occurrence in the industry due to the nature of the business undertaken. The Authority has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Authority makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on the Authority's legal counsel, the claims against the Authority does not have meritorious grounds and management assessed the claims have reasonable prospects of being struck out. As a result, management believes that its defence in Court or arbitration has reasonable prospects of success. Management also does not consider a reliable estimate can be made at this stage in the event the Authority is not successful though it is considered for this event to occur is remote.

The contingent liability for the authority as at 31 December 2024 is in the respect of a guarantee placed on its leased Generators.

	2024	2023
	\$	\$
Details and estimates of maximum amounts of contingent liabilities are as follows:		
Guarantees and endorsements	-	20,600,000



Notes to the Financial Statements

For the year ended 31 December 2024

Note 27 Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Authority has access at that date. When available, the Authority measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Authority uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of relevant observable inputs and maximising the use of unobservable inputs.

The different levels have been defined as follows:

The fair value of generators and distribution assets were determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the assets being valued. The independent valuers provide the fair value of the Authority's generation and distribution asset every 3 - 5 years. The fair value measurement for generation and distribution asset has been categorised as a Level 2 and Level 3 fair value respectively based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as significant unobservable inputs used.

Valuation technique	Asset	Significant	Inter-relationship
Cost to capacity approach	Generator & solar panels	Premium for customs duty, taxes and remote locations costs	The estimated fair value would increase (decrease) if:
		Ancillary property and equipment	- Premium for customs duty, taxes and remote locations rate were higher (lower); and
		Depreciation rate applied.	- Ancillary property and equipment were lower (higher). - Depreciation rates were lower (higher).
Indexation approach	Distribution assets and hydro	Depreciation rate applied.	The estimated fair value would increase (decrease) if: - Depreciation rates were lower (higher).

Note 28 Capital management

SIEA's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain or adjust the capital structure, SIEA may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 29 World Bank Financing

a) Financial support received

SIEA has received financial support from the World Bank's International Development Association (IDA) on the Solomon Islands Sustainable Energy Project (SISEP) since July 2008 to improve operational efficiency, system reliability and financial sustainability of SIEA. However, this funding closed on the 31st March 2019. Further, the World Bank, through a multi donor trust fund, has also extended financial support on the Output-Based Aid (OBA) programme since August 2016, for increasing access to electricity services in low-income areas of Solomon Islands. In addition to the SISEP and OBA programmes, the World Bank through the IDA has provided further support under the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) since October 2018. SIEAREEP's objective is to increase access to grid supplied electricity and increase renewable energy generation in the Solomon Islands.

b) Grants

SIEA has received total grants of USD 14,071,755 from these programmes since their commencement (2023: USD 13,052,716). The 2024 balance consists of the following funds, IDA H9130 - USD 1,948,784, IDA H4150 - USD 3,834,859, TF A2923 - USD2,193,565, IDA 3270 - USD4,123,928.44, TF A7425 - USD1,034,151.01 and TF A718 - USD936,467.37.

c) Credit funds

SIEA has received total credits of USD 6,238,061 from these programmes since their commencement (2023: USD 5,925,941). The 2024 balance consists of the following fund, IDA 62500 - USD 312,120. The credit funds are interest-bearing loans that are required to be repaid and are shown in the current and non-current liabilities as they are drawn down.

d) Use of the proceeds

The proceeds of the World Bank grants and credits have been utilised in accordance with their intended purpose as specified in their respective agreements.

	2024 USD	2023 USD
A summary of the transactions that took place during the year is as follows:		
DESIGNATED ACCOUNT		
Balance at 1 January	615,565	951,470
Receipts	346,504	516,202
Expenditure	(638,236)	(852,106)
BALANCE AT 31 DECEMBER	323,833	615,566
GRANTS		
IDA D3270	335,976	761,076
TF A7425	580,807	224
TF A7418	102,256	569,903
BALANCE AT 31 DECEMBER	1,019,039	1,331,203
CREDIT FUNDS IDA 53790		
Balance at 1 January	1,781,643	2,114,558
Principal repayments	(332,915)	(332,915)
BALANCE AT 31 DECEMBER	1,448,728	1,781,643

Notes to the Financial Statements

For the year ended 31 December 2024

Note 29 World Bank Financing (continued)

	2024 USD	2023 USD	Cumulative (PTD) USD
<i>e) Project financial report</i>			
BALANCE AT 1 JANUARY	615,565	951,470	-
SOURCE OF FUNDS			
IDA H4150	-	-	3,834,859
IDA H9130	-	-	1,948,784
TF A2923	-	-	2,193,565
IDA 62500	312,120	-	312,120
IDA D3270	335,976	761,076	4,123,928
TF A7425	580,807	224	1,034,151
TF A7418	102,256	569,903	936,467
IDA 53790	-	-	5,925,941
TOTAL SOURCE OF FUNDS	1,331,159	1,331,203	20,309,815
TOTAL AVAILABLE	1,946,724	2,282,673	20,309,815
USE OF FUNDS			
Component A	574,035	-	6,196,997
Component B	-	467,284	2,641,072
Component C	1,042,048	1,199,566	10,450,647
Component D	6,722	-	675,123
Component E	86	258	16,360
	1,622,891	1,667,108	19,980,199
NET DIFFERENCE	323,833	615,565	329,616
CLOSING BALANCE	323,833	615,565	323,833

Note 30 Subsequent events

After the balance sheet date, Solomon Power announced that, effective 1 January 2025, there will be a reduction in the non-fuel component of its tariff. Specifically, the tariff will be reduced by 8.3%, which equates to a decrease of 67 cents per Kilowatt.

This event was approved by the board after the reporting period and does not relate to conditions that existed at the balance sheet date. Consequently, no adjustments have been made to the financial statements for the period ended 31st December 2024. However, management has determined that this tariff reduction is likely to impact future revenue streams. The effects of the tariff change will be recognized in the financial statements for the period beginning 1 January 2025.

Management continues to evaluate the potential quantitative impact on future periods and will update stakeholders in subsequent reports as additional information becomes available.

