
SIEA: 2026 Statement of Corporate Objectives

30th December 2025

This document is in compliance with
the requirements of section 13 of the
Solomon Islands State-Owned
Enterprise Act 2007

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1. INTRODUCTION

Solomon Power (SP) presents the Statement of Corporate Objectives for 2026 in accordance with section 13 of the State-Owned Enterprise Act 2007. This document sets out the strategies, performance measures, and governance commitments that will guide SP in delivering on its mandate to provide safe, reliable, and accessible electricity across the Solomon Islands.

SP enters 2026 with a clear focus on advancing renewable energy and delivering affordable tariffs, in line with its vision of *“energising the nation.”* The Corporate Strategy Plan 2022–2027 continues to provide the framework for this work, anchored on five strategic themes: an effective business model, financial sustainability, engaged stakeholders, robust infrastructure, and committed environmental and social safeguards.

In 2025, SP achieved significant improvements in reliability indices, advanced renewable energy projects, and prepared for tariff reductions scheduled by 2027. These achievements demonstrate resilience, proactive risk management, and transparent engagement with stakeholders. At the same time, challenges in global supply chains, technical risks in renewable systems, and evolving customer expectations have reinforced the importance of strong institutional capacity and continuity.

Looking forward, the priorities for 2026 are to accelerate the transition toward renewable energy, strengthen grid stability, and manage the financial impacts of tariff reductions. While the long-term target of 100% renewable energy in Honiara by 2030 remains central, tariff reductions **and escalating project financing requirements pose material risks to financial stability beyond 2026 and 2027. Without careful oversight and support, these pressures may constrain cash flows and weaken the enterprise’s ability to sustain operations.**

This Statement of Corporate Objectives therefore sets out not only the strategies and performance measures that will guide Solomon Power in delivering on its mandate, but also acknowledges **the need for vigilant financial management and ministerial partnership to safeguard stability** after 2026/2027 and sustain public confidence.

2. 2025 IN REVIEW

The Key drivers of 2025 budget were the following Key Result Areas

- KRA 1 - Assets and Energy; Maintain reliable power supply
- KRA 3 - Assets and Energy; Diversify assets into more renewable generation solutions
- KRA 2 - Employee relations and Welfare; workforce management and skills development
- KRA 10 - Customer Loyalty; increase customer base
- KRA 14 - Operational Excellence; reducing technical losses

2.1 Assets and Energy; Maintain reliable power supply

Providing reliable power is one of Solomon Power's key missions. Reliability is measured through internationally recognized indices — SAIDI, SAIFI, CAIDI, and Customer Minutes Lost (CML) — which capture how often outages occur, how long they last, and their overall impact on customers. Continuous improvement in these measures strengthens supply performance, enhances customer confidence, and supports the sustainable development of the Solomon Islands.

Compared to 2024, Solomon Power's reliability indices in 2025 show a clear improving trend. SAIDI has reduced from 1,420 minutes in 2024 to around 261 minutes' year-to-date, while SAIFI has declined from 5.2 times to about 1.19 times, indicating fewer and shorter outages for customers. CAIDI has improved from 273 minutes in 2024 to approximately 219 minutes in 2025, reflecting faster restoration times.

Total Customer Minutes Lost (CML) in the year to September 2025 was 39.3 million CML, roughly 29% more than the CML over the same period in 2024.

Fig. 1 CML by Outage Category

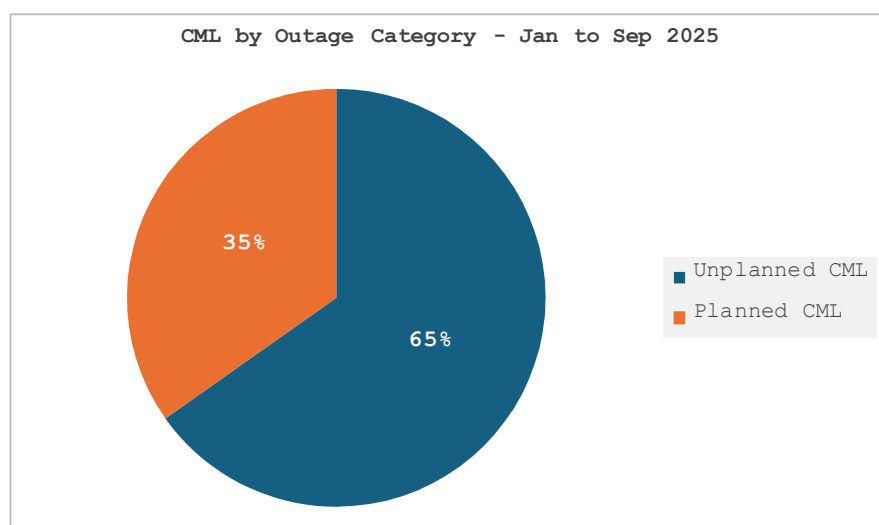


Fig. 2 CML by month



65% of the CML recorded during this period was attributed to unplanned outages. As shown in the CML by Month graph, January 2025 recorded the highest CML so far at 39.0%.

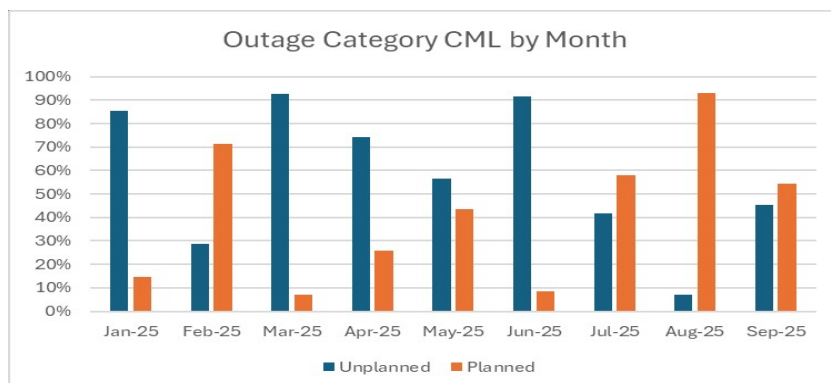


Fig. 3 Outage Category CML by Month

The graph above shows the CML by outage category for each month. Unplanned outages account for 65% of the total recorded CML during this period, equating to 25.6 million of CML.

The supply in Honiara City remained stable in 2025 with the purchase of 5 MW GRS generators, which addressed capacity shortfalls during planned maintenance at Honiara and Lunga Power Stations. This brought total generation capacity to 25 MW, ensuring sufficient supply to meet demand. Since January 2025, total available generation for dispatch has averaged 23.24 MW, with peak demand reaching 19.30 MW in April 2025 — a clear reflection of continued growth in electricity consumption across the Honiara network.

Implementing key operational activities such as timely major overhauls of large machines, upgrading distribution assets, and conducting ongoing monitoring and proactive maintenance across the network are essential to ensuring a reliable and efficient power supply.

In line with these priorities, Solomon Power undertook several major planned maintenance activities during 2025. The L8 Wartsila overhaul commenced in November 2024 and was commissioned in the first quarter of 2025, followed by alternator assessments on Wartsila engines L7 and L8 conducted by Wartsila–ABB generator specialists in June. In the second quarter, the H2 Caterpillar unit was serviced and restored to operation. A Siemens upgrade of the T3000 Man Station Engine Control and Management System was completed in the third quarter, and the overhaul and commissioning of the L7 Wartsila took place in the final quarter of 2025. Collectively, these works were critical in strengthening system performance and maintaining reliable supply to customers.

The commissioning of the newly built 2 MW solar farm in the first quarter of 2025 increased total PV generation into the grid to 3 MW; **however, it poses ongoing challenges for grid stability.**



Fig 4: Repairing Power transformer at Lungga Power Station

2.1.2 Outstations Power Supply

There have been operational challenges at the outstations. Despite this, the team strived to maintain reliability at the outstations. Sites where generator availability fell below 60% were Seghe, Lata and Kirakira. A recovery plan was developed and implemented, with immediate actions taken to fix the issues at sites concerned which has resulted in 80% of the sites restored to normal operations.

Major achievement for Outstations include the successful installation of the backup generator at Seghe, the compression test at Gizo, the installation of back up generator at Noro, and Munda and the series of corrective maintenances carried out at Kirakira, Malu'u and Lata that significantly contributed to reliability of power supply. The major installations and corrective actions taken resulted in 90% of the sites back in full operation.

As part of maintaining the Outstation renewable energy share in the generation capacity, team is targeting to complete battery replacement at Seghe by December 2025. This is one of the major task team is putting all its resources and effort to complete before end of 2025.

We will continue to conduct ongoing monitoring and proactive measures to address remaining challenges and ensure sustainable power provision throughout the Outstations portfolio.

2.1.3 Transmission & Distribution

Solomon Power has carried out a number of maintenance and new installation tasks while also addressing faults across the network to maintain system reliability.

Continuous vegetation management on high- and low-voltage power lines in Honiara and at the Outstations were undertaken to minimize faults caused by obstructions. Regular inspections and monitoring of transformers, ring main units, and other distribution equipment were also conducted to ensure these assets remain operational.

Major maintenance, upgrades, and new installations to the network included:

- 4 transformer upgrades in the Honiara network to meet increased load demand (Vavaya Ridge, Ministry of Fisheries, Friendship Hall, Skyline)
- 2 new transformers installed to cater for growing loads and potential customers (Szetu, Telekom Exchange)
- 1 new transformer for Naha Birthing Clinic, plus a new HV network extension to support this facility
- 2 new transformer installations in the Noro network (MOF, CCECC tar plant)
- 2 new transformer installations in Auki (CCECC tar plant, Kilufi Hospital upgrade)

Beyond these works, the team continues to extend network reach to customers while mitigating constraints by upgrading overhead LV lines within the existing network base.

In 2025, Solomon Power undertook network extension projects including the Corona and GPPOL networks, as well as road upgrade works in West Honiara. This involved the relocation and installation of 33/11 kV underground and overhead assets to accommodate the CCEC road upgrade project. A backup network link was constructed to safeguard White River substation customers during decommissioning of the old network, and this link has been operational since November 2025. In addition, Solomon Power provided support to other utilities such as Solomon Telekom and Solomon Water, ensuring their infrastructure continued to function effectively throughout the road upgrade project.

2.2 Assets and Energy; Diversify assets into more renewable generation solutions.

Solomon Power's medium term goal is to transition to more reliable and cost effective Renewable energy solutions. It has accordingly embarked on a variety of renewable energy projects around the country. This is part of a strategy to reduce costs by displacing diesel in thermal generation, reduce greenhouse gas emissions and contribute to reducing non-technical losses. Furthermore, greater emphasis is on the Renewable Energy Roadmap with plans for 100% Renewable Energy in Honiara by 2030.

By the end of October 2025, 2.5% of energy production (kWh) was produced using renewable energy.

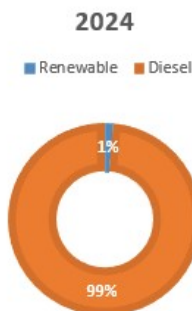


Fig 6: 2024 Generation mix



Fig 7: 2025 Generation mix

2.2.1 Existing Renewable Energy

The existing 1MW solar plant at Henderson generated 224 MWh of energy during the first six-month reporting period.

- The newly commissioned 2MW solar plant at Henderson generated 792 MWh in the first six months.
- The existing 50kW solar plant at the Ranandi Head Office generated 35MWH.
- Total grid-connect solar produced at Honiara in the first six months was 1GWH. It is estimated that it will displace 250,000 litres of diesel (\$2m savings), with an estimated CO2 emissions avoided ~700–750 tonnes CO2.

2.2.2 Existing Renewable Energy in the Provinces

- In June and July 2017, hybrid generation systems were commissioned at Seghe and Taro to provide electricity to the townships. These systems utilize a combination of solar power, battery storage, and diesel backup to generate electricity. Battery storage has now reached useful life therefore Solomon Power has progressed with procurement of new batteries. They will be replaced by 1st quarter of 2026.
- The 150 kW mini-hydro generation plant in Buala is now back in operation. It has generated 123MWH of energy for the first 6 months. It is estimated that it will displace 31,980 litres of diesel (\$251k savings), with an estimated CO2 emissions avoided ~95–100 tonnes CO2

2.2.3 Renewable Energy Projects

2.2.3.1 ADB-Funded Solar Hybrid Conversion Project

In the post-Covid-19 environment, Solomon Power has continued to experience impacts from the termination of renewable energy contracts.

The ADB-funded Solar Hybrid Conversion Project covers Kirakira, Tulagi, Malu'u, Munda, and Lata, converting five existing diesel generation outstations into hybrid systems. Although delayed when the contractor left the country, Solomon Power continued progressing the works. Installations of solar panels, inverters, battery storage systems, and associated switchgear have been completed at Malu'u, Munda, Kirakira, and Tulagi, with the battery storage system at Noro also installed.

Partial commissioning was achieved at Munda in 2022 and Malu'u in early 2023. Tulagi hybrid was fully commissioned in the second half of 2023 but experienced a fault in the Battery Energy Storage System (BESS) after two weeks of operation. Tesla technicians inspected the BESS at Kirakira and Tulagi in October 2024 and confirmed faults. At Lata, site filling, leveling, and compaction were completed in July 2025, followed by PV panel and AC cable installation. In October 2025, Tesla technicians completed remanufacturing and testing of the Noro BESS and also worked on the SIREP BESS at the Kosal warehouse. The SIREP BESS is scheduled to replace the faulty units at Kirakira, Tulagi, and Malu'u in December 2025. Final works, system configuration, and commissioning at Noro and Kirakira are expected in February 2026, while Malu'u and Lata are scheduled for completion in April 2026.

2.2.3.2 New Zealand MFAT & Solomon Power Hybrid Project

Another project in the post Covid 19 environment to which Solomon Power has continued to experience impacts from termination of renewable energy contract is the New Zealand MFAT and Solomon Power-funded hybrid power stations for Hauhui (Malaita Province), Namugha (Makira Province), Sasamunga (Choiseul Province), and Vonunu (Western Province). The New Zealand Government has provided NZ\$4.25 million in grant funding to increase electricity access in these four locations.

Procurement of major plant equipment has progressed, with preparatory earthworks completed at Sasamunga in December 2024 using Solomon Power civil machines. These machines were subsequently shipped to Vonunu, where site leveling commenced in January 2025. The rocky terrain presented significant challenges, delaying preparatory works, which are now expected to be completed by December 2025. Commissioning is scheduled for Sasamunga and Vonunu in 2026, Hauhui in 2027, and Namugha in 2028.

2.2.3.3 Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP)

Approved by the World Bank in 2018 with total funding of USD 19.95 million (USD 14.40 million grant and USD 5.55 million loan), SIEAREEP supports mini-hybrid plants, grid-connected solar, improved electricity access, and technical assistance. Under this project, renewable energy capacity at Henderson Fighter 1 was increased by 2.0 MW, and a 220 kW rooftop solar plant was installed at Solomon Power's Head Office.

The Henderson 2 MW solar plant was commissioned in March 2025, while the Ranadi rooftop solar was commissioned in July 2025. By the end of September 2025, these systems had generated 1,481 MWh and 59 MWh respectively, directly displacing fuel use and supplying renewable energy to Honiara customers.

For the hybrid mini-grids at Baolo, Bina, Dala, Tingoa, and Visale, contracts were awarded in March 2023. Detailed design and procurement of major plant equipment are underway, with site preparation, leveling, and compaction completed at all five sites in November 2025. Civil works are progressing, with commissioning expected in April 2026.

2.2.3.4 Renewable Energy Development Project (REDP)

The REDP is financed through multiple sources: Asian Development Bank (USD 15 million: USD 10 million loan and USD 5 million grant), Saudi Fund for Development (USD 10 million loan), Solomon Power (USD 10 million), and the Government of Solomon Islands (USD 7 million for applicable taxes). The project aims to accelerate the energy transition by increasing the renewable energy share in the national mix, which is currently dominated by fossil fuels (over 94%).

REDP consists of five sub-projects:

- 1 MW grid-connected solar photovoltaic power plant in Guadalcanal
- 1.5 MW grid-connected hybrid solar PV plant and 1 MW/4 MWh BESS in Malaita Province
- Utility-scale grid-connected BESS (5 MW/20 MWh) at East Honiara
- Utility-scale grid-connected BESS (4 MW/4 MWh) at Mbokona Substation
- Pilot rooftop solar systems at two schools

All five sub-projects were tendered internationally in July 2025 under a single responsible contract. The tender closed in November 2025 with nine bids received. Solomon Power has established a Project Management Unit (PMU) with external support from OCA Global Consulting and Technical Advisory Services, S.L.U. Evaluation of bids will begin shortly, with contract award expected in May 2026. Commissioning of all five sub-projects is planned by the end of 2028.

2.2.4 Tina River Hydropower Project

SIEA's role in the overall Tina River Hydropower Development Project (TRHDP) is cross cutting across the overall TRHDP's four (4) main components namely; Component 1 – Hydropower Facility, Component 2 – Access Road; Component 3 – Transmission Lines & Component 4 – Technical Assistance. Below provide some key updates for this reporting period.

Component 1 – Hydropower Facility and Component 2 – Access Road

SIEA's continuous oversight through its Engineer Representative (Entura) has been maintained throughout the year under the executed Power Purchase Agreement (PPA). As the Offtaker, SIEA ensures compliance with the PPA's minimum technical requirements, international standards, and best practices in the design and construction of both the hydropower facility and access roads. Oversight activities have included review of sedimentation conditions at the dam site, participation in Factory Acceptance Testing, provision of recommendations, and assessment of early warning systems and construction risks. SIEA has also engaged in technical discussions during Concessional Financing Parties' missions and contributed to Dam Safety Advisory Panel deliberations.

In the third quarter of 2025, SIEA and Entura conducted a slope condition assessment to form part of tender documentation for Component 3. This exercise ensures that prospective contractors are fully aware of residual risks to be considered during bidding and construction, particularly those arising from slope cuts required for stabilization. These risks pose potential challenges for transmission line foundations to be constructed by SIEA. Addressing them forms part of the de-risking process for Component 3 and is incorporated into routine site visits by Entura.

Such direct and indirect involvement by the Offtaker and its Engineer Representative reflects SIEA's active participation and commitment to ensuring the successful delivery of the Tina River Hydropower Project.

Component 3 – Transmission Lines

SIEA, as the implementing agency for Component 3, remains committed to progressing transmission line works. Key achievements during the reporting period include commencement of procurement for the FIDIC Engineer (consulting support role) and the Construction Contractor, and submission of Construction Environment and Social Management Plans (CESMPs) to ADB and WB for concurrence. Recruitment of the FIDIC Engineer is anticipated in December 2025, with the Construction Contractor expected by March 2026.

Procurement has followed a selective market approach, drawing from DFAT's Contractors' Panel, as the project is funded by AIFFP and EFA. Construction is scheduled to commence thereafter, with joint commissioning and testing alongside the Hydropower Facility targeted for October 2027.

A financial risk assessment of overall project financing has been completed, with additional financing requirements and projections under review. While cost escalation risks remain, the financing structure is expected to be maintained, with SIG providing guarantees and SIEA servicing any additional financing.

Component 4 – Technical Assistance

Under the Technical Assistance component, SIEA is responsible for rural electrification through the Community Benefit Sharing Program (CBSP) Phase 2, which aims to connect up to 298 customers, including households, schools, water systems, and micro-enterprises. Implementation has experienced schedule delays; however, clearance has been received from the World Bank on the Environmental and Social Management Plan, procurement has commenced for two sub-components, and procurement of goods has been completed. One sub-component remains under dispute and is undergoing grievance redress. SIEA has actively participated in CBSP technical missions with stakeholders. The overall component has been rescheduled, with completion anticipated in 2026 before program closure.

Power Purchase Agreement Claim Settlement

Following Settlement Agreement in March 2024 between Tina Hydropower Limited (THL) and SIEA for the terms under the PPA and between THL and Hyundai Engineering Construction (HEC) Company under the EPC Contract, a round of iterations, meetings and negotiations has been carried out by parties to fully settle, amend and sign the PPA Amendment Agreement and EPC Contract Amendment Agreement.

To date, THL and SIEA are close to having the consensus for full and final settlement pending THL and HEC amendment on the EPC Contract Amendment Agreement. In general, the PPA terms that have undergone negotiation over the reporting period includes the following; delay liquidated damages, performance liquidated damages, adjustment for inflation, project implementation schedule, additional funding acknowledgement and adjustment to capital investment charge rate. While parties collectively commit resourcing into finalizing these amendments, SIEA has stressed out concerns over significant delays to complete the remaining process of reaching full and final settlement and signing the amendments. SIEA is anticipating that parties will resolve to closing this process in December.

Challenges with the TRHDP

- Significant delays to the Hydropower Facility that requires additional financing for which if not properly structured will impose increase on the Levelised Cost of Energy.
- Components for which SIEA is the implementing agency have paused risk on grievances and is likely to increase delays. These includes, encroachment issues for the transmission lines easement and claims from land owners for compensation with respect to the CBSP Phase 2 network expansion project.

Ensure continuous monitoring for requirements under the PPA which requires significant financial commitment from the Offtaker.

2.2.4 Grid Integration

Grid Reliability and Integration Studies for High Renewable Energy Deployment and Development of Comprehensive Power Development Plan for Honiara Power Grid are currently being conducted. This will set out a plan for additional solar in Honiara for up next 15 years.

2.2.5 Independent Power Producers – Solar Renewable Energy

In 2025, SIEA continue strengthened its engagement in the Public-Private Partnership (PPP) and Independent Power Producer (IPP) sector, building on the progress achieved in 2024. The Tina River Hydropower Development Project (TRHDP) remains the sole active PPP initiative involving SIEA while maintaining its commitments to ensure the project's successful implementation.

Following numerous non-binding MOUs executed with prospective IPPs for grid-connected PV systems in Honiara, SIEA is developing an interim IPP process and framework to enhance assessment and structured procurement pathways. Additional interested IPPs will also be supported through a more consistent and transparent engagement process.

Given the continued absence of a national IPP framework, SIEA will advance the standardized MOU and term sheet it developed to guide commercial and legal requirements. In 2025, a key strategic objective will be to work closely with the SIG and private sector partners to establish a more formalized and efficient IPP model that supports renewable energy growth. This includes accelerating the integration of variable renewable energy into the Honiara grid and expanding suitable IPP-driven solutions to provincial outstations.

Through these efforts, SIEA aims to position the IPP program as a core driver of energy diversification, investment attraction, and long-term system sustainability.

2.2.6 Unsolicited Independent Power Producers

2.2.6.1 Pacific Clean Energy Partners

Solomon Power entered into a non-binding Memorandum of Understanding (MOU) with Pacific Clean Energy Partners. Under this MOU, PCEP has reviewed some SP Customer's Usages to determine potential customers to be included in an energy service company (ESCO) program to accelerate renewable energy, energy efficiency and energy storage installations in Solomon Islands. The review has been completed and it was determined that this option was not viable.

Therefore, PCEP has made another proposal for an option to undertake a 2MW ground mounted Solar PV System together with 2.9MW solar rooftop of potential Solomon Power customers. SP & PCEP have worked on a term sheet that will go into Power Purchasing Agreement. Following initial discussions on term sheet data in 2024, PCEP indicated that they are in a better position to updated details. When requested to update & provide revised term sheet, PCEP opted to not participate.

2.2.6.2 Solomon Islands Broadcasting Corporation

Solomon Power and Solomon Islands Broadcasting Corporation (SIBC) have signed a non-binding Memorandum of Understanding. This has enabled SIBC to carry out work towards becoming an Independent Power Producer (IPP). SIBC intends to build, own & operate a 5MW solar plant on its land at Fighter 1, Henderson (next to SP's existing 1 MW Solar farm) and sell the energy to SP under a Power Purchasing Agreement. The MOU has since expired. SIBC was initially looking for funding through Prime Minister's Office.

2.2.6.3 Solomon Investment Pte Ltd

Solomon Power and Solomon Islands Investment Pte Ltd (SIPL), have signed a non-binding Memorandum of Understanding. This will enable SIPL to carry out work towards becoming an Independent Power Producer (IPP). SIPL intends to build, own & operate and transfer (BOOT), various solar plants across the country and to the sell the energy to SP under a Power Purchasing Agreement. The MOU has since expired.

2.3 Employee Relations and Welfare; Workforce management and skills development

Solomon Power continues to build a motivated and committed workforce, with 327 permanent staff as of August 2025. Recruitment during the year focused on replacing existing roles and filling new vacancies, including two executive appointments: Chief Engineer position filled internally in May, and the Chief Information Communication and Technology Officer, recruited externally in September. Women represent around 22% of the workforce and executive team.

As a modern state-owned enterprise, Solomon Power employs an effective workforce management system to maximize staff performance and deliver on its core mandates, supported by structured recruitment, induction, and exit programs. Between January and October 2025, twenty-seven permanent staff were recruited and eleven exited, resulting in an attrition rate¹ of 3.38% and a turnover rate² of 1.5%, which is below the annual target of 2%.

Performance management systems align departmental Key Result Areas (KRAs) and Key Performance Indicators (KPIs) with individual staff KPIs, ensuring accountability and rewarding achievement through bonuses.

Training and development initiatives focus on building technical competence and broad business understanding, with four Graduate Engineers joining the Graduate Trainee Program in April, while no intakes were made for line mechanics or apprenticeships. The Student Attachment Program also continued, with eight students undertaking six-month placements beginning in April. In addition, short courses were organized internally and with stakeholder support, covering areas such as off-grid PV systems, grid-connected PV installation, battery storage design and installation, and network security.

As a dynamic organization, Solomon Power continues to invest in its staff through long-term training opportunities offered both full-time and part-time. Currently, three officers are engaged in full-time studies: one pursuing a Master of Engineering Science (Management) at the University of Queensland in Australia, another undertaking a Graduate Certificate and Master of Information Technology at the University of Newcastle in Australia, and a third completing a Bachelor of Entrepreneurship at the Solomon Islands National University (SINU). The majority of staff are enrolled in long-term part-time studies, with seventeen officers undertaking programs as of October 2025. These courses are delivered locally through SINU and the University of the South Pacific (USP), as well as by overseas institutions via online learning. Of the seventeen part-time students, eight senior staff are pursuing Master of Business Administration (MBA) programs—one at SINU and seven at USP—while the remainder are engaged in a range of other undergraduate and postgraduate qualifications.

¹Termination, End of contract, resignation & retirement

²End of contract, resignation and retirement

2.4 Customer Loyalty; Increase customer base

Solomon Power's commitment at the start of 2022 strategy was for energy targets to be 23% of Solomon Islanders and 80% of Honiara residents by 2025. However, as we approach the end of 2025 it is unlikely that Solomon Power will achieve those targets. Based on the Solomon Islands Population Census 2019, it was estimated that annual average growth rate for the country was 2.7% and for Honiara it was 5.8%. To be able to achieve the targets, Solomon Power will still be required to connect 8.6k households in the provinces and 5.5k households in Honiara. Based on current resources Solomon Power is only able to connect on average 1.5k connections per annum.

A revised target was established at the Energy Summit of 2024. Urban Access: Increasing energy access in urban areas by 50% by 2030, based on 2023 data. Below are the targets by station.

Fig 8: Targets Energy Access

Location	2023	50% Increase	Revised Target
Honiara	20,562	10,281	30,843
Auki	1,688	844	2,532
Gizo	1,093	547	1,640
Noro	809	405	1,214
Munda	643	322	965
Tulagi	267	134	401
Kirakira	298	149	447
Buala	288	144	432
Lata	316	158	474
Malu'u	405	203	608
Taro	345	173	518
Seghe	134	67	201
Total	26,848	13,424	40,272

Progress in 2025 has been marked by continued network extensions, rollout of the Electricity Access Program (EAP), and proactive customer engagement initiatives. As of 30 September 2025, the customer base reached 29,535, reflecting a 3.28% increase since December 2024, with 1,777 new customers energized during the year.

2.4.1 Network Extensions

Network Extension projects started back in 2016. This initiative aligns with Solomon Power's (SP) Strategic Plan 2016–2028 and supports the National Energy Policy's objective of providing electricity access for all Solomon Islanders by 2050. The proposed 11kV/415V network extensions will contribute to the following strategic goals:

- Strengthening the local business to achieve financial sustainability.
- Leveraging scale and national presence to deliver value to the nation and enhance SP's reputation.

Herein snapshot is the Network Extension Projects planned and implemented to 2025:

- To date, SIEA has planned a total of Seventy-Two (72) network extensions and has executed and commissioned Sixty-Seven (67) of them.
- Of the outstanding five (5) network extensions, two (2) projects were delayed as land owners were claiming goodwill payments. Two of these network extensions are part of the CBSP phase two (2), a grant-funded project by World Bank under component 4 of TRHDP. These said two project (2) will start in December 2025 and expect commissioning in March 2026.
- The remaining one (1) extensions project has not started but tender for construction of lines is anticipated to be in December 2025 and completion in April 2026.

In 2026, Solomon Power had planned to add another five (5) network extension projects with SBD 5 Million ceiling amount.

2.4.2 Energy Access Project

After the World Bank-funded Result Based Aid (RBA) Program, also known as the Output Based Aid (OBA) Program, was exhausted, Solomon Power launched a pilot Electrification Access Program (EAP) to increase household electrification through subsidized household wiring. The pilot program in 2024 was successful, connecting 500 households in Auki (Malaita Province), Noro, Munda, and Gizo (Western Province).

The second phase of the rollout prioritized newly extended sites in Buala, where 158 applications were received and processed against a target of 200 households. Additional applications are expected in the coming months.

Procurement of goods and works has been completed, with a selective procurement approach adopted given the threshold of the works package. Outsourced contractors will primarily undertake house wiring, while Solomon Power will manage service line installations. Installation is scheduled to commence in December 2025, with completion anticipated in the first quarter of 2026.

Given the financial priorities for the upcoming tariff cycle is predominately based on Honiara Renewable Energy, additional Energy Access Programs can only be considered when financial position of SP has improved.

2.4.3 Increasing Customer Base & Sales

As of 30 September, Solomon Power recorded 29,535 active and billable customers, comprising 2,186 (7.4%) on postpaid meters and 27,349 (92.6%) on Cash Power. A total of 1,777 new customers were energized during the year.

Monthly reporting on new connection application waiting times continues to provide visibility across departments, enabling close monitoring and timely resolution. At the end of September, 80 applications remained pending from 2024, along with approximately 552 applications pending for 2025. Customer Services worked closely with stakeholders to reduce waiting times, introducing joint reporting in September to ensure contributions from Engineering, Finance, and other teams. This change created a fair and comprehensive reporting process.

An increase in applications for solar installations and inspections highlighted the need for proactive engagement. Customer Service Representatives initiated planned visits to new construction sites to engage potential high-value customers early, provide connection requirements, and assist with timely completion of applications. This proactive approach strengthens customer relationships, improves the overall experience, and supports growth in the customer base. Internal stakeholders have been engaged to ensure alignment and buy-in, reinforcing the success of this initiative.

2.5 Operational Excellence; reducing technical losses

As at 31st October 2025, Solomon Power recorded a total loss level of 18%, comprising 11% Technical Losses (based on the 2012 SKM study) and 7% Non-Technical Losses.

Efforts to manage technical losses focused on a comprehensive program of network assessment and upgrades. Ongoing reviews of load profiles and transformer conditions ensured assets were correctly sized and operating reliably. In parallel, replacement and upgrading of distribution transformers and ring main units (RMUs) progressed, with aged and obsolete equipment systematically removed. Upgrading of both high-voltage (HV) and low-voltage (LV) conductors also continued across the grid. Collectively, these measures are designed to keep technical losses controlled and system reliability strong.

Non-Technical Loss Initiatives in 2025

- **Meter upgrades:** 80 outdated domestic meters replaced with digital units; 62 commercial/industrial meters upgraded to EDMI units.
- **Inspections & surveys:** 640 locked installations checked (600 confirmed, 40 pending); provincial surveys completed in Buala and Tulagi.
- **Honiara meter checks:** Conducted across billing cycles, with revisits planned for inaccessible sites late 2025/early 2026.
- **Illegal bypass & billing controls:** Follow-ups on bypass cases from 2023–2024 completed; billing anomalies reviewed and average bill calculations finalized.
- **Commercial customer checks:** Targeted inspections of pubs, clubs, and bottle shops; coverage ongoing for closed or relocated sites.
- **Data integrity assurance:** Verification of Government accounts, top 20 commercial/industrial customers, and TID meter checks across Honiara, Auki, Noro, and Gizo.

The combined program of technical upgrades and non-technical initiatives has strengthened oversight, improved data accuracy, and reinforced system reliability. Continued implementation of these measures reflects Solomon Power's commitment to safeguarding revenue, enhancing operational efficiency, and delivering dependable service across the Solomon Islands.

2.6 Other Highlights

2.6.1 Information, Communications and Technology

Solomon Power relies on Information and Communications Technology (ICT) to support day-to-day operations, digital transformation, and business continuity preparedness. The ICT Division continued to support and improve the full suite of business applications and communication networks across 33 physical sites, including SP Offices, Power Houses, Solar Farms in Honiara, and 11 Outstations in the Provinces. The Division manages ICT equipment, 200 terabytes of corporate storage, and 24 Production plus 21 Disaster Recovery servers across three Data Centre environments (two on-shore, one off-shore).

Key projects and activities achieved in 2025 include:

- Attended to an average of 111 support tickets each month.
- Reviewed SP core network devices, including the Firewall Gateway at HQ, which will reach end-of-support in 2027; proposals are under consideration for secure, cost-effective replacement.
- Facilitated monthly tariff updates in the system.
- Implemented digital projects such as CPro (online bill payment), Leave Automation, Online Customer Connection Application Form, Archiving, and SharePoint Microsoft 365. Most projects have passed Go-Live tests and are expected to be fully utilized by early 2026.
- Reviewed Onboard, the Board Management system, addressed security concerns, and renewed its license for two years.
- Completed Windows 11 upgrades across all laptops and desktops, retiring incompatible devices.
- Conducted cybersecurity awareness training in Honiara, Noro, and Munda, with ongoing online sessions via email and Zoom.
- Continued compromise assessment with Sophos and advanced training to administer the Managed Detection Response (MDR) service, ensuring robust auto-detection and response.
- Progressed Business Continuity Plan (BCP) documentation requirements for Internal Audit.
- Conducted Disaster Recovery (DR) test on the Exchange Mail server between Ranadi and Lunga sites.
- Upgraded network connections at Ranadi and Lunga by replacing SFP transceivers from 1Gbps to 10Gbps, improving file transfer speeds between Production and DR sites.
- Provided support to the Engineering team to resolve communications issues at Henderson Solar Farm.
- Advanced ICT cost-saving activities by reviewing subscriptions and eliminating unused services, including downsizing satellite phone accounts.
- Successfully recruited a new Chief ICT Officer, Jimmy Reynolds, following the completion of Ila Tura's term in October 2025.
- Ensured seven ICT staff progressed with planned training and succession planning activities.

2.6.2 Legal Division

A key result area for the Legal Division is business continuity and risk, with the specific objective being to minimize the adverse impact from risks inherent in the business of Solomon Power through effective legal, compliance, and contracts management. To achieve this, the key objectives and activities to be undertaken to achieve these objectives in 2026 are:

2.6.2.1 Strengthening Expertise

Legal Division aims to equip its personnel with specialized expertise to navigate intricate contractual and regulatory landscapes. As Solomon Power engages in complex multi-party ventures such as private-public partnerships, power purchase agreements, and EPC contracts, Legal Division's legal personnel will enhance their proficiency in procurement, contract management, negotiation, and dispute resolution, and internal compliance through specialized training programs.

In 2025, legal personnel attended the ACFE Fraud Conference Asia-Pacific in Malaysia. Knowledge and skills gained from attendance will strengthen knowledge and skills in preventing, detecting, and addressing fraud risks. This builds on previous trainings attended by legal personnel on procurement, finance, arbitration, and renewable energy projects.

2.6.2.2 Effective Dispute Resolution

Legal Division aims to attain favorable outcomes in legal disputes. Historically, legal disputes have typically arisen from contractual disputes with EPC contractors and PPA counterparties, from disputes with land owners, occupants, or other affected persons relating to Solomon Power's operations and installations on public or privately-owned land, and in relation to debt recovery action by Solomon Power.

In 2024, legal proceedings were commenced in the High Court seeking orders to remove occupants on land which Solomon Power has a registered interest (easement) over. The trial in this proceedings commenced and is expected to be completed in 2025. Judgment is expected in early 2026 and any enforcement action to remove the occupants will depend on the outcome of the proceedings.

In 2025, legal proceedings were commenced which result in the prompt recovery of debt of over \$1 million. Enforcing debt recovery action and measures will continue in 2026.

In 2025, legal proceedings were commenced against Solomon Power relating to the construction of distribution network on privately-owned registered land. The proceedings are expected to continue in 2026 and Solomon Power will defend against the claim consistent with its statutory duties and rights.

2.6.2.3 Proactive Risk Management

Legal Division will adopt a proactive and collaborative approach by engaging closely with other key internal and external stakeholders to identify and mitigate risks in contracts and projects, particularly those reliant on overseas contractors and suppliers susceptible to global supply chain issues. This concerted effort aims to prevent project delays, reduce costs, and minimize disputes.

The delivery of various renewable energy capital projects for which works are required to be performed by overseas-based EPC contractors or service providers have experienced delays. This has been exacerbated by global supply chain issues. Solomon Power's ability to prevent or mitigate the impact of such delays are limited to the terms of the EPC contract or service agreement which may range from liquidated damages to termination. In the context of Solomon Islands with limited market access to contractors and service providers, the enforcement of contractual rights can have the unintended consequence of further delaying the delivery of the projects and increasing costs. In recognition of such risks, the approach that has been adopted is to ensure that any potential issues that may impact project delivery are identified and addressed early through a collaborative and flexible approach. With new capital projects anticipated to commence in 2026 that will also require the procurement of overseas-based contractors and service providers, the learnings from these challenges in dealing with and being reliant on overseas contractors and service providers have resulted in the project delivery method including the procurement model and equipment being reviewed to ensure the challenges currently experienced are not repeated in future projects.

2.6.2.4. Reducing Non-Technical Losses

Legal Division will collaboratively engage with key internal and external stakeholders, explore the adoption of technological solutions, and leverage industry best practices to actively monitor and enhance systems related to the prevention and detection of non-technical losses caused by illegal or unauthorized use of electricity by consumers. This comprehensive approach aims to minimize revenue leakage effectively.

A special investigation commencing in 2024 is currently in progress to ascertain how and where electricity theft is occurring, identify what gaps exist that enables electricity theft to occur and not be detected, and what measures ought to be taken to improve the detection and prevention of electricity theft, and strengthen the prosecution of offenders and the recovery of arrears resulting from unmetered consumption. The investigation involves both on-site attendances during inspections by meter inspectors, and a desktop review of Solomon Power's policies and procedures. The first phase of the investigation focusing on surveying a specific commercial area was completed in 2025. The data from this survey will be analysed in 2026 and assist in ongoing investigation which will continue in 2026 for other commercial and industrial areas.

2.6.2.5. Strengthening Staff Compliance

Legal Division will collaborate with internal stakeholders to review and strengthen policies related to staff conduct, including disciplinary rules and procedures, whistleblowing, and conflict of interest policies.

Solomon Power has in place formal rules and procedures for dealing with staff conduct and discipline. In 2025, a number of internal investigations have been carried out following the receipt of internal reports or public complaints regarding the conduct of staff and following the conclusion of investigations, disciplinary action has been taken where appropriate.

In 2026, where reports are received, internal investigations will continue to be carried out and appropriate disciplinary action taken. In addition, awareness sessions on whistleblowing and conflict of interests will be conducted to build a strong culture of integrity.

2.6.3 Stakeholder Engagement - Community Support

In 2025, Solomon Power reinforced its role as a valued stakeholder in Solomon Islands society through active engagement in community initiatives, national events, and social development. Corporate Social Responsibility activities included support for youth and sports development, participation in major trade fairs, sponsorship of cultural events, and contributions to faith-based and business associations.

Environmental stewardship was demonstrated through clean-up campaigns, while workforce recognition was highlighted during Network Guardians Appreciation Day.

High-level engagements with government, academia, and industry further strengthened partnerships and collaboration. Collectively, these initiatives underscored Solomon Power's commitment to stakeholder engagement, inclusive development, and sustainable national progress, reaffirming its position as a trusted partner in building a stronger and more resilient Solomon Islands.

Fig 9: CSR by Sector

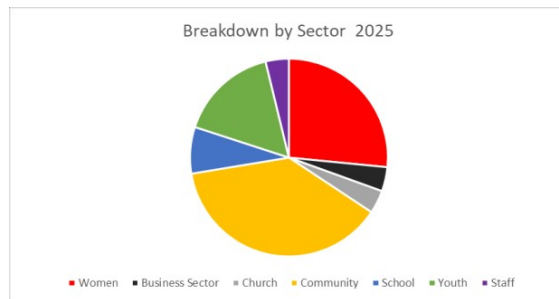
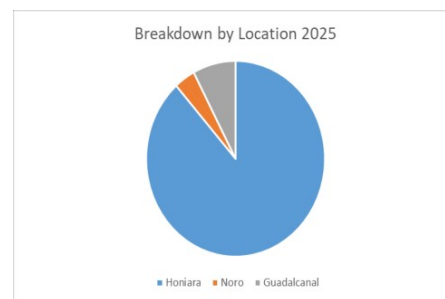


Fig 10: CSR by Location



2.6.4.1 – Street lights

Provision of streetlights is not a key responsibility of Solomon Power. However during the recent past years and this year the following support has been provided

- Support to SIG Ministry of Infrastructure streetlights along main road in Honiara
- Support to SIG through Ministry of Foreign Affairs and Ministry of Mines and Energy – JICA funded solar streetlights in Honiara
- Support to SIG Ministry of Police for street lights in Honiara & some provincial head quarters – Solar Streetlights.
- Provision of 25 Streetlights for the Seventh Day Adventist Mission.

2.6.4 Financial Situation

SP has continued to maintain strong financial results with unqualified audits of its Financial Statements for the last thirteen (13) financial years from 2012 to 2024.

Sales (kWh) in the first nine months of 2025 went up, compared to the same period in 2024 by 5.37% and 20.5% compared to 2023. This was mainly due to increase in sales volumes over the last two years due to cheaper tariff prices and increase in customer's connections, leading to increase in electricity consumption.

Overall tariff charges per unit in 2025 decreased by 16% (compared to 2024) due to the implementation of government's policy to reduce electricity prices, as a result increase in kWh units sold. Net Profit After Tax to circa -\$11 million compared to the budgeted NPAT of \$25 million for 2025.

SP's budgeting process for FY2026 took into account a forecasted growth in sales of 1.5%, budgeted return on investment of 0% and Net Loss of \$10.93 million. Profit is expected to significantly drop compared to 2025. The budgeted profit resulted in a loss because revenues forecasted to fall by \$32m compared to 2025 mainly because of an anticipated fall in non fuel tariff by 10% as a result of the new regulatory tariffs. This is based on the similar percentage drop in the non fuel from 2021 tariff studies.

SP has already embarked on a plan to invest \$1.4 billion capital funds over the period 2026-2030. With a balance of \$309.4m in 2024, cash is expected to slightly decrease by 7.8% to \$285.4m in 2025. During the year, Solomon Power has purchased a bond worth \$50 million from the Government. The 2026 estimates will see a drop in the cash balance. The decrease is a result of increased investment of key projects to support transition to renewable energy. These include Tina Hydro 66KV transmission line, Battery Energy Storage System, and other Solar Projects and major upgrades to the old Lungga Power House.

2.6.5 Business Development

Solomon Power has continued to progress its Business Development initiatives throughout 2025. In the third quarter, management and the Board approved the establishment of an electrical retail unit and a pilot program for grid-connected rooftop solar targeting selected private and public sector customers. While initiation and implementation of these programs are underway, further inception work on other business opportunities is also progressing.

The electrical retail unit is designed to diversify product offerings while ensuring the highest standards of quality, safety, and compliance, balanced with affordability. The rooftop solar program is being piloted in Honiara, involving engagement with both private and public sector stakeholders to refine a commercially viable model. Joint consultations were carried out toward the end of the year to gauge interest. To date, private sector participants have shown strong interest, while responses from invited public sector stakeholders are still pending. The team will continue to navigate this pilot program and manage responses as they are received.

In addition, concept studies are underway, including a prepaid solar program aimed at off-grid utilization. This initiative remains at the inception stage, with deliberations scheduled with management before the end of 2025. These discussions will guide the next steps and identify areas for improvement as the unit advances toward implementation.

3. SP'S OBJECTIVES³

SP's principal objective as set out under Section 4 of the SOE Act is:

"to operate as a successful business and, to this end, to be:

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

To achieve these objectives SP has developed, and annually reviews, its Vision, Mission, Values, Strategic Objectives and Key Result Areas. This is articulated in SP's Statement of Corporate Objectives and is summarised as follows.

3.1 SP's Vision

Energising Our Nation

3.2 SP's Mission

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

3.3 SP's Values

1. Respect for our Customers and our People
2. Improvement through Change & Innovation
3. Meeting our Service Quality Commitments
4. Care for the Environment
5. Individual Responsibility for our Actions
6. Honesty and Trust
7. Teamwork

³ State Owned Enterprises Act, Section 13 (2) (a)

3.4 SP's Strategic Themes and Initiatives

Strategic Themes	Initiatives
An Effective Business Model	Our customers will trust and value our services because we listen to them
	We will invest in our committed and valued employees
Financial Sustainability	We will grow our business to a stronger and financially sustainable business
Robust and expanded Infrastructure	We will diversify our large and reliable asset base into renewable energy solutions
	We will use scale and national presence to add value to the nation
	We will use sound risk management principles to manage the challenges
Engaged Stakeholders	Our operational excellent business model will support strong performance, delivery and returns to our stakeholders
Committed to Environmental and Social safeguards	We will be a socially and environmentally responsible organisation

3.5 Strategic Plan and Key Result Areas

Budgetary emphasis should be placed on the strategic plan and on the Key Result Areas (KRAs). There are a number of things in this strategic plan and Key Results Areas that need detailed project plans to be developed that may change the cost allocations within the overall budget. Most have been accounted for within the capital or operational budgets. Key drivers of this budget are the following KRAs.

- KRA 3 - Assets and Energy; Diversify assets into more renewable generation solutions
- KRA 1 - Assets and Energy; Maintain reliable power supply
- KRA 2 - Employee Relations and Welfare; workforce management and skills development
- KRA 8 - Financial Sustainability; Effectively manage financial resources⁴
- KRA 10 - Customer Loyalty; Increase customer base⁵
- KRA 14 - Operational Excellence; reducing technical losses

⁴ This includes reduction in tariff by 25% in the next three years according to Government of National Unity & Transformation (GNUT) Policy on tariff Reduction according to the Draft Communiqué from Energy Summit in September

⁵ This includes increasing footprint as per Targets in Draft Communiqué from Energy Summit in September 2024

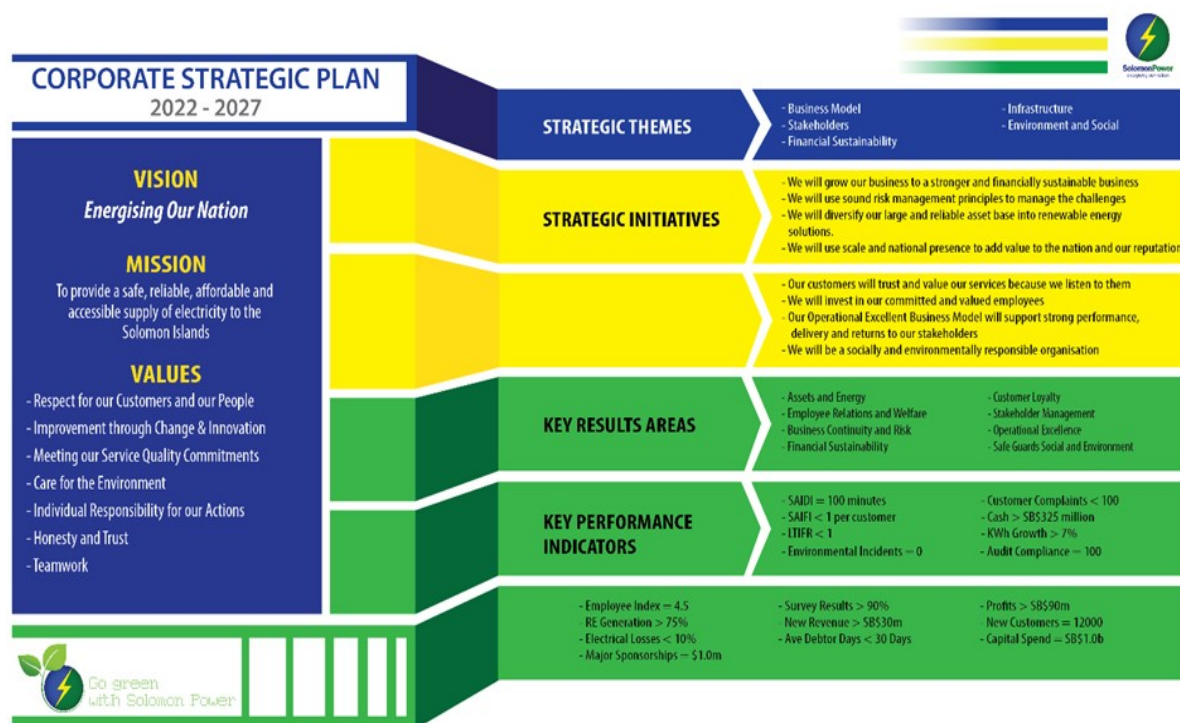


Figure 11- The Strategic Plan aka "Plan on a Page"

To move towards these objectives, SP has developed the following Key Result Areas for 2026.

Key Result Area	Strategic Initiatives	Annual Objectives	Accountable Executive
1. Assets and Energy; Maintain reliable power supply	Our customers will trust and value our services because we listen to them	Ensure smooth operation and reliability of generation and transmission systems.	CE
2. Assets and Energy; effectively develop plans and implement special projects	We will diversify our large and reliable asset base into renewable energy solutions	Effectively develop plans and implement special projects	GM SPP
3. Assets and Energy; Diversify assets into more renewable generation solutions	We will diversify our large and reliable asset base into renewable energy solutions	Implement renewable energy projects	GM CW

4. Assets and Energy; extend distribution network	We will use scale and national presence to add value to the nation	Extend distribution and transmission network.	GM CW & CE
5. Assets and Energy; modernize and implement regulatory functions	We will use scale and national presence to add value to the nation	Modernize and effectively carry out regulatory functions	CE
6. Assets and Energy; develop cost-effective land, building & other operational assets	We will use scale and national presence to add value to the nation	Efficiently manage and develop corporate assets (land, building, fleet) to support operations	GM Corp Svc
7. Employee Relations and Welfare; workforce management and skills development	We will invest in our committed and valued employees	Effectively manage employee performance, skills development and welfare	GM Corp Svc
8. Financial Sustainability; Effectively manage financial resources	We will grow our business to a stronger and financially sustainable business	Effectively manage financial resources	CFO
9. Financial Sustainability; new income streams	We will grow our business to a stronger and financially sustainable business	Study and appropriately implement potential new business opportunities	GM SPP
10. Customer Loyalty; Increase customer base	Our customers will trust and value our services because we listen to them	Increase total customers and sales volumes through effective customer management	GM Cust Svc & CE
11. Customer Loyalty; reduce waiting times for customer connections	Our customers will trust and value our services because we listen to them	Efficiently and prudently reduce backlog of customer connections.	GM Cust Svc & CE
12. Customer Loyalty; develop capital recovery options for customers	Our customers will trust and value our services because we listen to them	Develop capital recovery options for customers in sparsely connected areas	GM Cust Svc

13. Stakeholder Management; sponsorships & messaging	Our Operational Excellent Business Model will support strong performance, delivery and returns to our stakeholders	Support community activities, maximize its messaging and promote SP.	CEO, GM Cust Svc & GM Corp Svc
14. Operational Excellence; reducing technical losses	Our Operational Excellent Business Model will support strong performance, delivery and	Reduce technical and non-technical losses	CE & GM Cust Svc
15. Operational Excellence; effective ICT Systems	Our Operational Excellent Business Model will support strong performance, delivery and	Ensure ICT systems are effectively used to support operations	CICTO
16. Social and Environmental Safeguards	We will be a socially and environmentally responsible	Ensure compliance with social and environmental	GM Corp Svc & GM CW
17. Business Continuity & Risk; Robust risk based	We will use sound risk management principles to manage the	Effectively utilize risk based auditin Ensure	MIA
18. Business Continuity & Risk; Effective legal, compliance and	We will use sound risk management principles to manage the challenges	compliance and minimize risks associated with legal and Ensure ICT solutions	LC
19. Business Continuity & Risk; ICT BCP	We will use sound risk management principles to manage the challenges	are used to support BCP	CICTO

CE – Chief Engineer

CFO - Chief Financial Officer

GMCW –General Manager Capital Works

LC - Legal Counsel

GM SPP - General Manager Special Projects & Planning

GM Cust Svc - General Manager Customer Service

MIA – Manager Internal Audit

CICTO – Chief Information, Communication & Technology Officer

GM Corp Svc - General Manager Corporate Service

4. PLANS TO ADDRESS SP's STRATEGIES

4.1 Capital Expenditure Programme – 2026 to 2028

SP's priority for the next five years regulatory period (2026 – 2030) is to diversify its large and reliable asset base into more renewable energy. This shall be done through the following projects areas:

- Procurement, and construction of the Tina Hydro 66kV transmission lines and associated systems upgrades that will ensure the power generated from Tina Hydro is transferred and distributed in Honiara when the Hydro Power Plant is commissioned.
- Solar Hybrid and Grid connected Projects
 - To complete procurement, construction, installation and commissioning of existing funded solar projects both in Honiara and Outstations.
- Honiara Central Battery Energy Storage System (BESS)
- SCADA Master Station, fibre and protection upgrade
- New generators to replace retired generators at Lungga Power House
- Network extensions in Honiara and the outstations
- Major Electrical upgrades at Lungga Power station
- Grid Modernisation
- Additional 33kv Circuit for Honiara
- Upgrade of 33kv UG cable for Honiara
- Housing Projects both in Honiara and Outstations including offices and residences

A full list of Capital Expenditure Projects is shown in **Appendix C**.

4.2 Funding the Capital Expenditure Programs

The CAPEX Program of \$1.41B (2026-2030) has been balanced with the available sources of funding and the Board's parameters on minimum Working Capital. There is funding from ADB/SDF for solar projects and BESS , AIFFP/EFA for the 66kv transmission line project. The funds from ADB/SDF AIFFP/EFA and surplus cash generated from operational functions, defines the CAPEX envelope for SP.

The proposed mix of funding is as follows:

Statement of Cash Flows

2024 Actual, 2025 Forecast, 2026 Budget, 2027 - 2031 Forecast

	AUDITED	FORECAST	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	2024	2025	2026	2027	2028	2029	2030	2031
	SBD	SBD	SBD	SBD	SBD	SBD	SBD	SBD
Operating activities								
Cash received from customers	657,329,623	596,199,319	551,025,344	554,729,069	545,067,282	538,799,820	552,743,070	570,901,167
Cash paid to suppliers and employees	(447,855,521)	(427,135,212)	(413,467,967)	(418,000,356)	(407,290,178)	(395,231,324)	(400,961,560)	(413,231,877)
Net cash provided by operating activities	209,474,102	169,064,108	137,557,377	136,728,714	137,777,105	143,568,496	151,781,509	157,669,290
Investing Activities								
Net payments for property, plant and equipment	(208,540,940)	(209,685,140)	(556,052,605)	(528,972,860)	(206,059,636)	(57,815,297)	(61,588,551)	(73,971,061)
Domestic Development Bonds - SIG	71,428,571	(28,214,286)	61,785,714	4,285,714	4,285,714	-	-	-
Self-insurance Fund net payments	-	-	(50,000,000)	-	-	-	-	-
Net cash used in investing activity	(137,112,369)	(237,899,426)	(544,266,891)	(524,687,146)	(201,773,922)	(57,815,297)	(61,588,551)	(73,971,061)
Financing activities								
LOANS RECEIVED								
- IDA CREDIT	2,679,722	-	-	-	-	-	-	-
- AIFFP	-	-	170,389,387	191,688,060	21,298,673	-	-	-
- ADB & Saudi	-	-	20,000,000	99,200,000	25,600,000	-	-	-
TOTAL	2,679,722	-	190,389,387	290,888,060	46,898,673	-	-	-
Principal Repaid								
- IDA CREDIT	(2,212,684)	(2,802,313)	(2,802,313)	(2,802,313)	(2,802,313)	(1,401,157)	-	-
- AIFFP	-	-	(6,224,950)	(12,449,900)	(12,449,900)	(12,449,900)	(12,449,900)	(12,449,900)
- ADB & Saudi	-	-	-	-	-	-	(2,075,000)	(4,150,000)
Interest Repaid								
- IDA CREDIT	(590,098)	(476,316)	(366,067)	(251,517)	(140,039)	(27,946)	-	-
- AIFFP	-	-	(1,565,224)	(2,954,553)	(2,849,118)	(2,754,296)	(2,604,898)	(2,455,499)
- ADB & Saudi	-	-	(43,655)	(610,706)	(1,439,926)	(1,660,000)	(1,660,000)	(1,628,847)
TOTAL	(2,802,782)	(3,278,630)	(11,002,209)	(19,068,990)	(19,681,296)	(18,293,299)	(18,789,798)	(20,684,245)
Interest on bond	3,131,396	1,253,571	2,008,036	375,000	160,714	-	-	-
TOTAL	3,131,396	1,253,571	2,008,036	375,000	160,714	-	-	-
Grants Received								
- IDA Grants - (USD2m)	-	-	-	-	-	-	-	-
- IDA/SREP/SID-DOCK	8,651,054	49,800,000	-	-	-	-	-	-
- AIFFP	-	-	67,194,638	75,593,968	8,399,330	-	-	-
- ADB Grant	-	-	5,000,000	24,800,000	6,400,000	-	-	-
TOTAL	8,651,054	49,800,000	72,194,638	100,393,968	14,799,330	-	-	-
Dividends	(3,000,000)	(1,236,785)	-	-	-	-	-	-
Net cash provided by Financing activities	8,659,390	46,538,157	253,589,852	372,588,038	42,177,421	(18,293,299)	(18,789,798)	(20,684,245)
CASH BALANCES								
Net increase in cash and cash equivalents	81,021,124	(22,297,161)	(153,119,662)	(15,370,394)	(21,819,396)	67,459,899	71,403,161	63,013,984
- Cash & Cash Equivalents - OPENING	228,364,335	309,385,459	287,088,298	133,968,636	118,598,243	96,778,847	164,238,746	235,641,907
Cash & Cash Equivalents - CLOSING	309,385,459	287,088,298	133,968,636	118,598,243	96,778,847	164,238,746	235,641,907	298,655,890
Minimum Working Capital (3 months fuel)	65,353,355	59,340,724	55,833,060	56,534,075	50,878,914	48,384,991	50,335,994	52,280,770

4.3 Funding Sustainability

To fund the \$1.41B CAPEX Programme, SP needs to draw upon all available financing resources. The Board has set a Debt to Equity limit of 30%. The proposed funding mix remains within those parameters into the medium term (2030).

INTEREST SUMMARY		2024	2025	2026	2027	2028	2029	2030	2031
- AIFFP Loan		-	-	1,565,224	2,954,553	2,849,118	2,754,296	2,604,898	2,455,499
- IDA CREDIT		590,098	476,316	366,067	251,517	140,039	27,946	-	-
- ADB/SDF		-	-	43,655	610,706	1,439,926	1,660,000	1,660,000	1,628,847
	TOTAL	590,098	476,316	1,974,945	3,816,776	4,429,083	4,442,243	4,264,898	4,084,345
LOAN BALANCE									
- IDA CREDIT		12,610,410	9,808,096	7,005,783	4,203,470	1,401,157	0	0	0
- AIFFP		-	-	164,164,437	343,402,597	352,251,370	339,801,470	327,351,570	314,901,670
- ADB/SDF		-	-	20,000,000	119,200,000	144,800,000	144,800,000	142,725,000	138,575,000
	TOTAL	12,610,410	9,808,096	191,170,220	466,806,067	498,452,527	484,601,470	470,076,570	453,476,670
Return on Equity		3.16%	1.36%	-0.60%	-0.75%	-0.65%	-0.74%	-0.57%	-0.52%
Self-Financing Ratio (at least 25%)		100%	81%	25%	26%	67%	248%	246%	213%

5. GOVERNANCE OVERVIEW

5.2 Business Scope

SP is the owner, manager, operator and/or licensor of electricity supply infrastructure in areas of operation throughout the Solomon Islands as directed by the Minister under Section 13(1) (b) of the Electricity Act 1969.

Its present areas of electricity supply operation include the towns and general surrounds of Honiara, Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro and Tulagi.

5.3 SP's Duties

Its duties (as per Section 13 of the Electricity Act) are:

- (a) to manage and work any electrical installations transferred to the Authority by the Government and such other installations and apparatus as may be acquired by the Authority;
- (b) to establish, manage and work such electrical installations as the Minister may from time to time require or as the Authority may from time to time deem it expedient to establish;
- (c) to secure the supply of electricity at reasonable prices;
- (d) to promote and encourage the generation of electricity with a view to the economic development of Solomon Islands;

- (e) to advise the Minister on all matters relating to the generation, transmission, distribution and use of electricity;*
- (f) to ensure standards of safety, efficiency and economy in respect of the production, transmission, distribution and use of electricity.*

5.4 The Role of Electricity Supply Systems

The supply of electricity systems is essential for the proper development of towns to meet modern living standards in the country, and to facilitate its economic development. Increasing the reliability of supply is a necessary pre-requisite to growth in industrial and commercial investments.

5.5 Nature and Scope of Commercial Activities⁶

SP's principal commercial activities are:

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

Any significant departure from these principal activities will be discussed initially with Shareholding Ministers, and then their approval sought through amended Statements of Corporate Objectives.

Solomon Power has written to Shareholding Ministers Request for Ministerial Approval under Section 23(2), 23(3) and 24 of the Electricity Act 1969 to Investment in Electrical Retail Unit (ERU).

5.6 Corporate Social Responsibility

SP's prime corporate social responsibility is to provide reliable and safe electricity supply systems within its area of operations, while working in partnership with the community to plan, deliver and operate infrastructure in such a manner which seeks to mitigate the social and environmental impacts of SP's activities. This includes working closely with existing and new customers, landowners and agencies on current and future activities.

SP will work to develop performance targets and reporting frameworks to show how these responsibilities are embedded in SP's functions and actions.

⁶Section 13(2)(c) of the Solomon Islands State-Owned Enterprises Act 2007

5.7 Regulatory Framework

SP is governed directly under the SOE Act 2007, the Electricity Act 1969, the Electricity Regulations 1993 and the SOE Regulations 2010.

As regards securing regulated revenue, it is empowered, under Section 13 of the Electricity Act, to:

...exercise and perform its functions under this Act as to secure that the total revenues of the Authority are sufficient to meet its total outgoings properly chargeable to revenue account, including depreciation, loan redemption and interest on capital, taking one year with another and making adequate allowance for any increase or decrease in the cost of replacing any property owned and used by the Authority.

The Minister may, under Section 14 of the Electricity Act, give directions to the Authority:

...in relation to matters that appear to him to affect the interests of Solomon Islands...

There are no regulated service standards for SP's electricity delivery performance, other than those stated in Part II of Electricity Regulations regarding frequency and voltage variations, etc. SP has developed a set of standards and performance measures that are used for internal management purposes.

In addition, a Customer Survey was carried out in 2022 which aligns with our plan to carry out such survey every two years to assess our performance in relation to our customers' expectations. With the results of 2022, any further improvements will small therefore it is not necessary to carry out another survey in 2024/2025.

As an SOE, SP is expected to also obey all other Acts and Regulations that may affect its work, unless otherwise directed by the Minister. Reviews have taken place to ensure compliance with all of the relevant Acts and Regulations.

5.8 Relationship to the National Development Plan

The Government has developed and published a National Development Plan (NDP). The following extracts from the NDP that relate to SP and SP's actions in relation to them are commented on as follows:

- **Focus Area Objective 5 – 1: Enabling Environment for Private Sector Led Growth:** SP is closely following the SOE legislation to ensure that it operates as a sustainable business; the objective of the SISEP Project. Furthermore, SP is encouraging private sector participation in the sector by developing Distributed Generation Regulations and by working with Independent Power Producers (IPPs) when needed.
- **Focus Area Objective 5 – 2: Enabling Environment for Private Sector Led Growth:** SP has already signed a Power Purchase Agreement with Tina Hydropower Limited for the Tina River Hydro Project. We are also well prepared for any privatisation plans that the Government may have in the future.

- Focus Area Objective 6 – Energy Sector Planning and Management:** SP is undertaking more active publicity to bring to the attention of all sectors of the community the issues surrounding the energy sector. It will also support the Government with any policy issues, legislation and regulations. Recently SP has provided critical input to the Government's National Energy Policy 2019. Furthermore, SP is assisting the Ministry of Mines, Energy and Rural Electrification for the development of the scope for the review of the Electricity Act and Regulations.
- Focus Area Objective 6 – Electricity - 1:** the main focus of SP is to provide reliable and affordable energy in all urban centres. Renewable energy sources are being investigated; the involvement of Independent Power Producers (IPPs) is being encouraged; over 92% of SP's customer base is now on pre-paid Cashpower meters; and the managerial and technical expertise of the organisation is being strengthened in preparation for Public Private Participation (PPP).
- Focus Area Objective 6 – Electricity – 2:** SP is working closely with other agencies and Governments such as the World Bank, the Asian Development Bank, Japan International Cooperation Agency and the NZ Government to increase the supply and coverage to rural areas. There is a focus on hydro power, where possible, solar power, and encouragement of community and private participation.
- Focus Area Objective 6 – Electricity – 3:** SP actively promotes energy conservation and is working with the Electrical Contractors' Association to improve the standards of equipment being installed throughout the country.

5.9 Solomon Islands National Electrification Plan (2019)

Below is an extract from the Solomon Islands National Electrification Plan's target areas & broad outcomes.

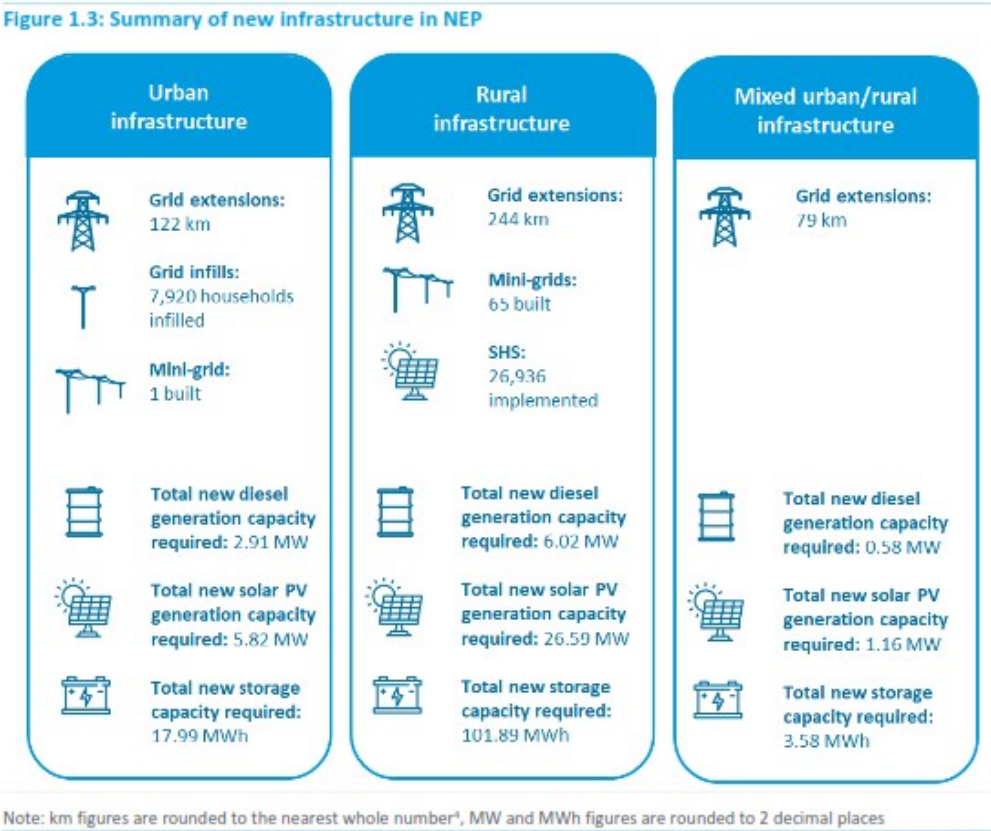
Table 0.1: SINEP 2019 target areas and broad outcomes

Thematic area	Broad outcome
Energy governance	Development of Energy Legislation
Electric power (urban)	Increase access to electricity in urban households to 80% by 2025
Electric power (rural)	Increase access to electricity in rural households to 40% by 2025 Increase access of safe, affordable, and reliable petroleum fuels to outer islands and remote rural locations
Renewable energy	Increase use of renewable energy sources for power generation in urban and rural areas to 50% by 2035
Petroleum and alternative liquid and gaseous fuels	Increase the development and penetration of gaseous fuels and alternative liquid fuels from indigenous raw materials
Energy efficiency and conservation	Improve energy efficiency and conservation in all sectors by 10% by 2030

Source: SINEP 2019

Note: Electrification targets are highlighted in blue

Summary of new infrastructure in National Electrification Plan. Solomon Power will work closely with MMERE on the implementation of the NEP



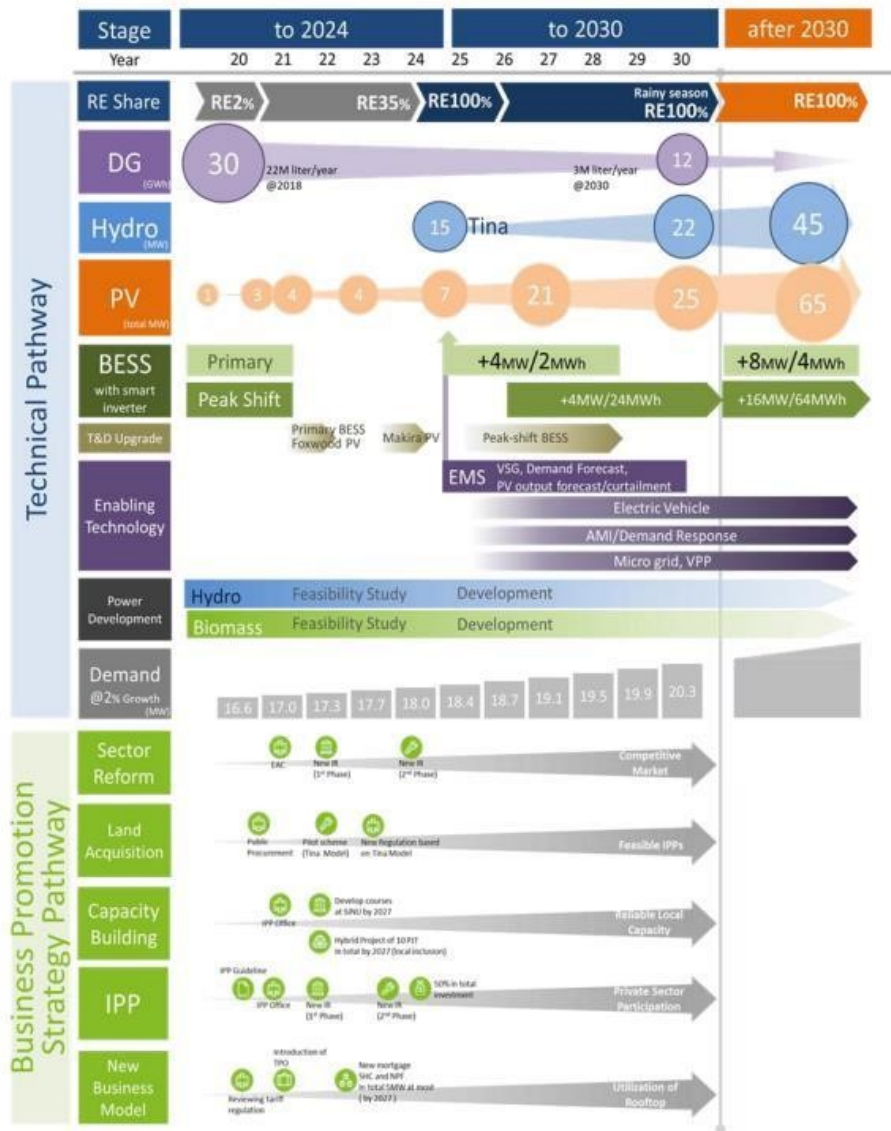
5.10 Renewable Energy Roadmap

Solomon Islands Renewable Energy Roadmap was launched in 2022. Below is the draft RERM.

8. Renewable Energy Road Map

8-1 Establishment of RERM

Recommended RERM is shown below.



Source: JICA Project Team

Outline of Renewable Energy Road Map for Honiara Grid (Draft)

5.11 Energy Summit Communique September 2024⁷

Energy Access for All

Recognizing that only 18% of Solomon Islanders currently have access to grid supplied electricity, with rural and remote areas being disproportionately underserved, the Solomon Islands Government commits to expanding access to energy across the nation. Specific targets include:

Urban Access: Increasing energy access in urban areas by 50% by 2030, based on 2023 data.

Rural Electrification: Expanding off-grid and standalone systems in rural areas by 30%, using the 2019 baseline by 2030.

Community-Based Solutions: Supporting community-driven renewable energy initiatives that empower local populations to sustainably manage their energy resources.

Reducing the Cost of Electricity

Acknowledging the high cost of electricity in the Solomon Islands, we commit to reducing energy tariffs by adopting renewable energy solutions and reforming energy policies. Our key goals are:

Tariff Reduction: 25% reduction by 2027 based on December 2023 Tariff.

Renewable Energy Projects: Facilitating the completion of the Tina River Hydro Project by 2028 to reduce reliance on diesel power generation and promote cleaner, cost-effective energy sources.

Sector Reforms: Introducing fiscal policies to reduce operational costs of Solomon Power and encourage private sector involvement in the energy sector.

Promotion of Renewable Energy

The Solomon Islands Government is committed to achieving 100% renewable energy by 2050, as set out in the Renewable Energy Road Map (RERM). We will accelerate the deployment of renewable energy projects through:

Hydropower and Solar Projects: Expanding the installation of Solar Photovoltaic (PV) and Battery Energy Storage Systems (BESS) and completing the Tina River Hydro Project.

Biomass and Feasibility Studies: Conducting feasibility studies on potential new renewable energy sources, including biomass and additional hydropower sites such as Komarindi.

Private Sector Investment: Encouraging private sector participation through the Independent Power Producer (IPP) framework and public-private partnership models.

⁷ This is draft from Declaration by Solomon Islands Government on Energy Access September 2024. The Final signed document is yet to be received by Solomon Power.

Policy Reforms and Institutional Strengthening

To foster sustainable energy development, the Government will implement the following actions:

Energy Roadmap: Developing a comprehensive Energy Roadmap that addresses energy access, affordability, efficiency, and a clear path to renewable energy dominance.

Regulatory and Institutional Reforms: Strengthening energy governance, including reforms to the Electricity Act and the establishment of the IPP Office to facilitate private investment in renewable energy.

Capacity Building and Innovation

Recognizing the importance of local capacity, the Solomon Islands Government will support initiatives that build technical expertise and foster innovation:

Energy Research Hub: Establishing an Energy Research and Innovation Hub to explore new technologies and solutions in renewable energy.

Education and Training: Promoting educational programs, including renewable energy diploma courses at Solomon Islands National University (SINU), and supporting hybrid energy projects to build local technical capacity.

Climate Resilience and Sustainability

As part of our energy planning, we commit to integrating climate resilience to support low-carbon energy development, in alignment with the Solomon Islands' obligations under the Paris Agreement:

Low-Carbon Energy Solutions: Prioritizing low-carbon and climate-resilient energy infrastructure and projects – pursue Soltuna cooling plant retrofitting

Paris Agreement and SDG Alignment: Ensuring alignment with Solomon Islands' Nationally Determined Contributions (NDCs) and key Sustainable Development Goals, including SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

Financing and International Cooperation

To support our energy transition, we call for increased cooperation and financing in the following areas:

Development Partnerships: Strengthening collaborations with international organizations, donors, and development partners to support renewable energy projects.

Sustainable Financing Mechanisms: Exploring innovative financing options, such as climate finance, National Rural Electrification Fund and Public-Private Partnerships (PPPs), to close the investment gap in energy infrastructure.

Accountability and Monitoring

The Solomon Islands Government will ensure accountability and transparency in the implementation of this Declaration by:

Monitoring and Reporting: Establishing an Energy Taskforce to monitor progress and provide annual reports on the targets related to energy access, cost reduction, and renewable energy development.

Stakeholder Engagement: Facilitating ongoing dialogue between the Government, the private sector, and development partners to ensure collaborative action in the energy sector.

6. CAPITAL STRUCTURE TARGETS AND FORECAST RATIOS

The estimated capital structure at end 2025, and those forecast for the next three years are as follows:

Capital structure and Investment (as per IFRS)	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
Debt (\$M)	299m	504m	711m	657m
Equity (\$M)	1,830m	1,818m	1,805m	1,794m
Debt to Equity – exclude deferred Inc (\$M)	7.4%	17.4%	27.4%	29.0%
Capital Investment (\$M)	210m	556m	529m	206m

Solomon Power's intent is that investment-related expenditures will be recovered from connected customers over time. A portion of these investments is expected to be funded through the company's own cash flows, donor contributions, and loans facilitated by the Solomon Islands Government, with any remaining requirements to be financed on the strength of Solomon Power's balance sheet. In addition, there is potential to support renewable generation projects through partnerships with independent power producers.

7. CAPITAL PERFORMANCE TARGETS AND INDUSTRY MEASURES⁸

The targets for SP's performance are detailed below. They are contingent on no unexpected or materially adverse events occurring. These ratios are explained in Appendix A. SAIFI and SAIDI are internationally recognised measures of Electricity Distribution and Generation Companies' performance indicators.

a) To be as profitable and efficient as comparable businesses:

Operational Performance Targets	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
System Interruption Frequency Index (SAIFI)	3.0 times	3.0 times	3.0 times	3.0 times
System Interruption Duration Index (SAIDI)	100 minutes	140 minutes	140 minutes	140 minutes
kWh Sales Growth	5.0%	1.5%	1.5%	3.0%
Average Tariff	\$5.63	\$5.64	\$5.61	\$5.29

Financial Performance Targets	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
Net Profit (\$M)	25m	-11m	-14m	-12m
Current Ratio	4.0	2.9	2.8	2.7
ROA (%)	1.2%	-0.5%	-0.6%	-0.5%
Return on Equity (%)	1.4%	-0.6%	-0.8%	-0.6%

Commercial Performance Targets	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
Collections ratio (%)	90	90	90	90
Losses – Technical and non-technical	17.0%	17.0%	17.0%	17.0%
Debtors Days (excluding SIG)	30	30	30	30
Number of customers	29,800	32,000	34,000	36,000

b) To be a good employer:

Non-Financial Performance Targets	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
No. of Lost Time Injuries	0	0	0	0
LTIFR (Lost Time Injury frequency Rate)	0	0	0	0
% Staff Turnover (non-retirement)	2.0%	2.0%	2.0%	2.0%
No. of Unfair Dismissal Case Lost	0	0	0	0

c) To be an organisation that exhibits a sense of social responsibility:

Corporate Social Responsibility		
Area	Target	2026 Proposed Actions
Environmental Care	Compliance with environmental laws and regulations	- Identify relevant laws, regulations and consents, and establish current performance. - Work with Ministry of Environment to resolve bulk, electronic and oil waste disposal issues. - Ensure that EIS and EMP are in place for Capital Works projects where required. - Implement work Programme to improve performance. - Prepare an annual sustainability report
Public Safety	Public accidents due to SIEA operations reduced by 20%	- Identify and track incidents. - Identify remedial actions that can be taken - Use the media to communicate safety issues to the public - Advise the public on how to deal with safety issues
Climate Change	Identify greenhouse gas emissions resulting from SIEA activities	- Catalogue sources of emissions from SIEA activities, and commence Programme of estimating emissions from the top three areas. - Continue with Energy Efficiency and Demand Management Programmes through the media.

8. DIVIDEND POLICY⁹

This dividend policy provides guidelines that SP should use to determine how much of its earnings it should pay to its Shareholders, the responsible Ministers. This should be negotiated annually between the Board and the Shareholding Ministers and agreed in writing as part the Statement of Corporate Objectives.

This negotiated dividend will consider SP's:

- ✓ Capital Structure
- ✓ Cash Flow
- ✓ Working Capital requirements
- ✓ Capital Investment Plans
- ✓ An appropriate contingency for financial flexibility

The Board considered on 20th November 2018 a number of options for the dividend policy including:

No Dividend Policy

SP will use all its internally generated funds to reinvest in its infrastructure or to reduce tariffs.

Residual Dividend Policy

Dividends will only be paid if there are retained earnings left over after SP has financed all investment projects capable of generating acceptable returns. This method leads to volatility which governments don't normally like.

Dividend Stability Policy

Dividends are set at a fraction of annual Net Profit. This approach reduces uncertainty for the Shareholder.

CSO as Dividend Policy

The Board adopted the CSO as Dividend Policy in 2016 and \$4.4m was the dividend for 2016. In 2017, there was no CSO received from MOFT. A \$1.5 million was received in 2018 as CSO from the Ministry of Finance and Treasury. No CSO was requested for 2020, 2021 and 2022 financial years.

Hybrid Dividend Policy

SP would set a dividend that is a small fraction of its annual Net Profits over the medium term. SP could top this up if Net Profits over the medium term significantly exceeds this forecast average. This final approach is most commonly used now. The Board has deliberated on 20th November 2018 and

⁹ State Owned Enterprises Act, Section 13 (2) (f)

opted to adopt a Hybrid Dividend Policy. It should be noted that the Net Profit used to calculate the dividend amount is based on operating profit only and does not include revaluation increments if any.

Parameters are

Fraction of Net Profit – 5% per annum Stability

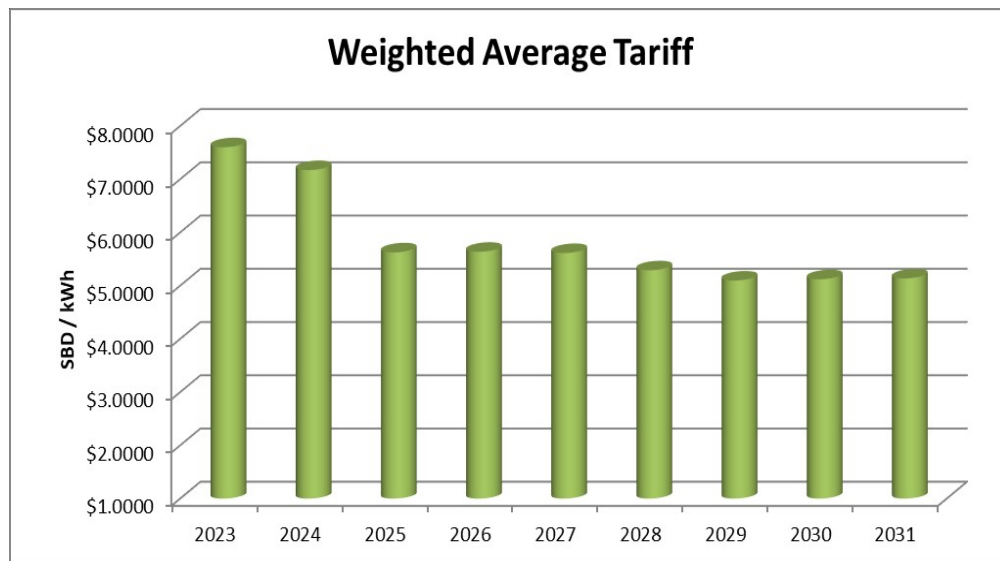
Residual – Excess of NPAT \$100m at 10%

Year	2025 Forecast	2026 Budget	2027 Plan	2028 Plan
Dividend	\$1.2m	\$0m	\$0m	\$0m

9. ELECTRICITY TARIFF

Effective from the 1st of January 2025, Solomon Power has implemented the government policy to reduce tariff by 25% in the next three years, with the baseline December 2023. This was for a 8.3% reduction (SBD0.67 per kWh). It is estimated that \$59m to \$60m was passed back as savings to customers. World Fuel price was also lower in 2025, therefore during the first 10 months of year 2025, Solomon Power has already achieved 23% reduction in tariff prices compared to December 2023.

The 2026 Budget and the next 5 years forecasting is based on a 10% reduction on the average non-fuel price charged (\$3.33) during the first 10 months of 2025, with the fuel charge component still calculated based on 2021 tariff regulation.



To help relieve the financial burden that comes with the reduced the tariff charges, SP must increase it renewable capacity so that its reliance on fuel can come down thus leads to reduction in fuel cost, the company's biggest cost. With the commission of Tina Hydro expected in 2028, this should assist

Solomon Power's reliance on fuel. Additionally, it will subsequently increase electricity demand by connecting more customers and reduce both the technical and non-technical losses. Furthermore, Solomon Power is also continuously looking for efficiency gains in way that it conducts its business to enable operational costs to be kept at a minimal as well re-prioritising its capital projects.

Given that the reduction in fuel charge will only be achieved when Tina River Hydro and other Solar plants are commissioned which is likely to be two to three years away there are other strategies that Solomon Power with support from Accountable Ministry needs to look into for period of 2025 to 2027. These include

- a) Hedging of fuel including discussions with partners for banking line to enable SP to hedge its fuel purchases.
- b) Tax Exemptions on Fuel purchases by Solomon Power.
- c) Possible request for Community Social Obligation.

10. INFORMATION TO BE REPORTED¹⁰

To enable the Shareholding Ministers to assess the value of their investment in SP, any information that would normally be supplied to a controlling private shareholder will be made available.

An annual report for each financial year, including audited financial statements, will be submitted in accordance with Section 14 of the SOE Act. The annual report will:

- Contain sufficient information to enable an informed assessment to be made of SP's operations, including a comparison with the SCO; and
- State the dividend payable to the shareholders for the relevant financial year.

SP will also submit the following information to the Shareholding Ministers:

- Half-yearly reports in accordance with Section 15 of the SOE Act, which will include unaudited profit and loss, balance sheet and cash flow statements together with such details as are necessary to permit an informed assessment of the company's performance during that reporting period; and
- Draft of SP's Strategy Plan and a draft SCO, which will be made available to Shareholding Ministers for discussion prior to the commencement of the financial year to which the plan and the SCO relates.

SP will, in addition, provide other information relating to the affairs of the company as might be requested by the Shareholding Ministers pursuant to section 19 of the SOE Act and in accordance with good continuous disclosure practice.

¹⁰State Owned Enterprises Act, Section 13 (2) (g)

11. ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT INFORMATION TO BE REPORTED¹¹

SP will, in accordance with Section 8 of the SOE Act and Part 6 of the State Owned Enterprises Regulation 2010 (The Regulations), seek compensation sufficient to allow SP's position to be restored if the Government wishes SP to undertake activities or assume obligations that, in SP's view, will:

- Result in a reduction of SP's profit or net worth; or
- Modify or expand the electricity networks in ways that might negatively affect its ongoing capacity, security and/or reliability

There are two major areas where the Government has requested SP to provide services that would otherwise be non-commercial.

- Provision of Electricity supply in the Outstations; and
- Operation and Maintenance of Streetlights in Honiara and the Outstations,

The provision of power to the Outstations is non-commercial because of the cost of fuel transport, the size of the operation and the relatively high level overheads associated with the provision of power in these small areas. SP has made significant improvements to the efficiency of operations in the outstations with the effect that some outstation operations are making a reasonable return and the other outstations are close to breaking even. SP will continue this effort through a number of initiatives including automation of the outstations, improved fuel delivery mechanisms, implementing renewable energy (solar & Hydro) and Supervisory Control and Data Acquisition Systems (SCADA).

The provision of Streetlights in Honiara and the Outstations has been an area of neglect due to provincial governments (in the main), town councils and some ministries not taking responsibility for this function. The Government therefore decided in 2014 to request SP to perform this important civic function on behalf of the Government. This function has been costed and started in 2015 and has since been completed.

The Government in 2016, has written to SP stating that CSO will be allocated to Capital Projects.

In 2018 the Solomon Islands Government had committed and paid \$1.5 million as CSO for services in the Provinces and for Streetlights in Honiara and at the Outstations. The Government and SP will agree the scope and cost of the Community Service Obligations (CSO) scheme in the future. In 2019, 2020, 2021, 2022, 2023 and 2024, SP did not make a request for CSO payment. However, this position will change in subsequent years.

¹¹ State Owned Enterprises Act, Section 13 (2) (g)

In 2025, the global fuel price was low therefore Solomon Power did not request assistance from Solomon Islands Government.

In 2026, with the Tariff reduction SP is considering requesting to the government for the following support. These are for areas that are deemed non-commercial.

- Connection Charges for Customers with similar offering to the Output based Aid (OBA) Program. Connection costs is a barrier. This is the labour charge (excluding material) imposed by Electrical Contractors for domestic customer's ranges from SBD1,000 to SBD5,000. As a result of this, despite extending the network both in Honiara & Provinces the uptake is low. Solomon Power is considering funding to assist with connections and may likely in the future request for this to be covered by CSO.
- Network extensions, particularly in Provincial Areas where it is not commercially viable for Solomon Power
- Power bills for customers such as hospitals & clinics. Most of these are on commercial terms and the customers are struggling to meet their bills and are not able to adhere to terms and conditions of Solomon Power.
- Energy Access to Rural Areas or green field sites.
- Streetlights

12. SUBSIDIARY COMPANIES

SP has no subsidiary companies at present. SP is currently exploring options to setup subsidiary companies. SP will consult with the Shareholding Ministers in due course.

13. OTHER MATTERS AGREED BY THE SHAREHOLDING MINISTERS AND THE BOARD

There are no other matters that have been agreed by the Shareholding Ministers and SP Board for inclusion in this statement pursuant to Section 13(2)(j) of the SOE Act. Any such matters will be formally reported as appropriate in Annual Reports.

However, Solomon Power has requested to the Shareholding Minister for Ministerial Approval under section 23 (2), 23 (3) and 24 of the Electricity Act 1969 for investment in the Electrical Retail Unit (ERU) for one of the initiatives as part of Solomon Power's Business Development Unit.

14. COMMERCIAL VALUE OF THE SHAREHOLDERS' INVESTMENT

The principal physical assets of SP primarily include:

- Lungga Power Station.
- Honiara Power Station.
- Henderson Solar Farm.
- 33kV, 11kV and LV overhead, underground and substation network and metering systems in Honiara.
- Outstation Power stations at: Auki, Buala, Gizo, Kirakira, Lata, Malu'u, Munda, Noro, Seghe, Taro and Tulagi
- 11kV and LV overhead and substation networks and metering systems associated with the above Outstation Power stations.
- Head Office building in Ranadi including the extension of the ground floor.
- 71 staff houses and 51 land parcels in Honiara.
- 33 staff houses in the various Outstations.
- 49 ha of land under perpetual or fixed term estate.

In addition, the company has significant intellectual capital in staff, company processes and procedures.

The audited estimate of the current commercial value of the Shareholders' investment in SP was \$1,777M as at the end of 2024. This compares with a value of \$1,744M as at end 2023 based on the audited 2023 accounts.

15. ACCOUNTING POLICIES¹²

SP has adopted IFRS standards as the basis of its accounting policies as regards the measurement and reporting of profit, cash-flow, movements in equity, and financial position.

Details of SP's accounting policies and their application are given in Appendix B.

APPENDIX A – DEFINITIONS

Capital Structure and Investment	
Debt	"Debt" equals current and non-current debt and finance leases
Equity	"Equity" equals share capital, reserves and accumulated retained earnings.
Total Funds Employed	"Total Funds Employed" equals current liabilities, non-current liabilities and equity.
Ratio of (Debt) to (Debt plus Equity) ¹²	Self-explanatory
Capital Investment	Capital investment equals total capital expenditure, excluding net property acquisitions/disposals
Operational Performance Targets	
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
Load-shed Index	Number of days with load-shed events due to lack of generation capacity
Revenue per KWh	In SBD
Financial Performance Targets	
Operating profit margin (%) (EBITDA)] divided by [total revenue]	[Earnings before interest, tax, depreciation, amortisation
Interest coverage (times)	[Earnings before interest, tax, depreciation, amortisation, (EBITDA) less cash tax], divided by [interest paid].

¹² State Owned Enterprises Act, Section 13(2)(l)

Return on assets (ROA) (%)	[Earnings before interest and tax expense (EBIT)], divided by [average capital employed]. <i>Capital employed is made up of current assets plus fixed assets (excluding works under construction), less current liabilities (excluding current debt, interest payable and income in advance).</i>
Return on equity (ROE) (%)	Profit After Tax divided by equity.
Commercial Performance Targets	
Collections ratio (%)	(Revenue Received)/ (Revenue Billed)
Aged Debt Index Debtor Days	Number of days to collect the outstanding debt
Customer Service Index	No. of written complaints from customers

APPENDIX B - ACCOUNTING POLICIES¹³

1. Reporting entity

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

2. Nature of Operations

The principal activity of SIEA is the generation, distribution and sale of electricity in the Solomon Islands. SIEA is the owner and operator of the Solomon Islands' Government owned electricity supply systems.

3. Basis of Preparation

The financial statements have been presented 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) and other applicable Financial Reporting Standards.

The financial statements are presented in Solomon Island Dollars ("SBD"), which is SIEA's functional and presentation currency. All financial information is presented in Solomon Island Dollars and has been rounded to the nearest dollar, except when otherwise indicated.

4. Measurement Basis

The measurement basis adopted in the preparation of these financial statements is historical cost except as modified for certain non-current assets and financial instruments as identified in specific accounting policies below.

5. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS 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.

6. Specific Accounting Policies

a) Basis of Consolidation

There are no subsidiaries in existence, or proposed, so no consolidation is required.

b) Goodwill

SP does not recognise any goodwill.

¹³ State Owned Enterprises Act, Section 13 (2) (d)

c) Revenue

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.

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 14 days thus there is no significant financing component. Additionally, discount is provided to some customers against the approved tariff rates. 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.

- Tiered-pricing for customers; and
- Estimate of unbilled electricity supplied to 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. In respect to the considerations from:

a) Read meter customers, these are not constrained because it is calculated based on actual units consumed during the period, thus variability due to tiered-pricing on consideration for the period is known.

b) Unread meter customers, the unbilled electricity supplied at period end is estimated based on previous periods' average consumption (expected value). Similarly, the monthly billed consideration is estimated as well. Management consider this to be best estimate of the transaction price without incurring undue cost and time and thus not necessary for SIEA to quantify all possible outcomes using complex models and techniques. Additionally, the full transaction price not considered constrained as the likelihood and potential magnitude of the revenue reversal is not considered by management to be significant.

d) Accounts Receivable

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics. Accounts receivable are designated as per the 'Held to Collect' business model and an allowance matrix is used to measure the expected credit loss of accounts receivable.

e) Inventories

Stocks of materials are recorded at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is determined on a weighted average basis.

f) Investments

SP has no non-core investments.

g) Other Financial Assets at Fair Value through Profit or Loss

SP has no other financial assets such as derivatives or hedging instruments. These may be developed in the future to provide better management of electricity price fluctuations. If they are used in the future, the realised and unrealised gains and losses arising from changes in the fair values are included in the income statement in the period in which they arise.

h) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. These assets are carried at amortised cost using the Held to Collect business model.

i) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid.

Provisions are liabilities of uncertain timing or amount. They are measured at the amounts expected to be paid when the liabilities are settled.

j) Available for Sale Financial Assets

Available for sale financial assets are non-derivatives that are either designated as available for sale by management or not designated in any of the other categories.

These investments are carried at fair value with any unrealised gains and losses arising from changes in fair value recognised directly in equity. On sale or on impairment, the accumulated fair value adjustments are included in the income statement.

k) Property, Plant and Equipment

Property, plant and equipment are recognised at cost less accumulated depreciation. Cost is determined by including all costs directly associated with bringing the assets to their location and condition for their intended use.

l) 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 company'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 use.

m) Depreciation

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

The estimated useful lives are as follows:

Power Stations - 20 years

Freehold Buildings – 40 years

Overhead and Underground distribution networks - 20 years

Metering system assets- 20 years

IT Assets – 5 years Vehicles – 5

years Administration Assets - 10

years

n) Non-Current Assets Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition and is expected to be completed within one year from the date of classification.

o) Investment Property

Investment property is property held primarily to earn rentals and/or capital gain rather than used for operational purposes. Measurement is at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

p) Leased Assets

SIEA has applied IFRS 16 using the modified retrospective approach.

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 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.

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.

q) Intangibles

The cost of acquiring an intangible asset is amortised from the date the underlying asset is held ready for use on a straight line basis over the period of its expected benefit, which is as follows:

Software – 3 to 7 years

Easements -Indefinite

Easements are deemed to have an indefinite useful life, as the contracts do not have a maturity date and the SP expects to use the easements indefinitely. Therefore, easements are not amortised. Their value is assessed annually for impairment, and their carrying value is written down if found impaired. SP capitalises the direct costs associated with putting the easements in place. These costs include registration and associated legal costs and also any injurious affection payments. Where SP buys land and then establishes an easement, a valuation is obtained for the easement. This valuation is used as deemed easement cost and capitalised, with a corresponding reduction in the land valuation.

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.

For intangibles with a finite life, where the periods of expected benefit or recoverable values have diminished due to technological change or market conditions, amortisation is accelerated or the carrying value is written down.

r) Impairment of Assets

At each reporting date, SP 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, 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. An impairment of goodwill is not subsequently reversed.

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 the income statement 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 the income statement 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.

s) Debt

Debt is designated as fair value through profit or loss on the basis of preventing an “accounting mismatch”. The company’s net debt is managed as one integrated portfolio; therefore, measuring derivatives and net debt on different bases would create a recognition inconsistency or accounting mismatch.

Fair values of quoted debt are based on prices current at balance date.

The effect on fair values of credit risk (i.e. the premium over the basis interest rate risk for credit to reflect the credit rating of the relevant counterparty) is based on quoted market prices.

t) 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.

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.

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 SP in respect of services provided by employees up to reporting date.

Contributions to defined contribution plans are expensed when incurred.

u) Taxation

The part of the Income of the Authority which is derived from the sale of electricity shall not be liable to income tax.

v) Foreign Currency Transactions

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

Certain purchase commitments denominated in a foreign currency are hedged against foreign currency risk and designated as hedge items in fair value hedges under IAS 39. The cumulative change in the fair value of the purchase commitments attributable to the hedged foreign currency risk is recorded as an asset or liability using forward rate based measurement with the corresponding gains or losses recognised in the income statement. The gains or losses in the associated derivative are also recognised in the income statement.

w) Translation of Foreign Group Entities

SP has no foreign or other subsidiaries.

x) Cash Flow Statement

For the purposes of the cash flow statement, cash is considered to be cash held in bank accounts (net of bank overdrafts) plus highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value. Cash flows from certain items are disclosed net, due to the short term maturities and volume of transactions involved.

y) Grants

An unconditional grant related to an asset is recognised in profit & 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 SP will comply with the conditions associated with the grant and are recognised in profit and loss as other income on a systematic basis over the useful life of the asset. Grants that compensate SP for expenses incurred are recognised in profit and loss on a systematic basis in the same period in which the expenses are recognised.

7. New Standards adopted

SP has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as on 1st January 2018. Further, SP has adopted IFRS 16 Leases which is effective from 1st January 2019.

APPENDIX C – CAPITAL PROJECTS 2026 to 2030

CAPITAL BUDGET - 2022 Forecast, 2023 Budget, 2025 - 2030 cast

19-Nov-25

PROJECT	2025 FORECAST	2026	2027	2028	2029	2030	TOTAL
MAJOR PROJECTS							
Honiara Emergency Generators Project	11,601,205						11,601,205
Intermediate Fuel Oil (IFO) Project							-
5 Mw GenSet - Wartsila		58,886,778	27,663,276				86,550,054
Henderson 2 MW Solar Expansion	4,000,000						4,000,000
Fight 1 Grid Connected Solar Farm		11,000,000	9,000,000				20,000,000
Solar - Ranadi Head Office Roof	1,327,577						1,327,577
Honiara Central BESS	2,000,000	1,000,000	65,000,000	41,000,000			109,000,000
Ambu Solar Farm - 2MW with BESS	502,136	13,000,000	25,000,000	16,000,000			54,502,136
Old Lungga P/Station Electrical Upgrade	10,000,000	30,000,000	2,000,000				42,000,000
33kV UG Cable - Upgrade for Ranadi to Honiara	6,520,067						6,520,067
SCADA Implementation - Master Station		800,000					800,000
SCADA Implementation - Protection Upgrade		4,000,000					4,000,000
SCADA Implementation - OPGW/ADSS		6,000,000	3,000,000				9,000,000
White River substation upgrades/extension			2,500,000				2,500,000
Additional 33 kV circuit East Honiara - Ranadi			8,300,000	6,000,000	6,000,000		20,300,000
Additional 33 kV circuit East Honiara - Lungga			7,500,000	7,500,000			15,000,000
Proposed New substation for East Honiara		3,500,000	-				3,500,000
4MVar Capacitor Bank		1,300,000	1,300,000			- Proposed New substation for West Honiara	3,500,000
Honiara Upgrade - 11/33kV		2,500,000	2,500,000				2,600,000
New Lungga PS - 1 X 15MVA transformer		4,000,000	2,000,000	2,000,000			5,000,000
Upgrade Honiara network - 33kV overhead Lungga to Honiara		7,250,000	7,250,000				8,000,000
66kv transmission - Tina River Hydro - Lungga	8,950,000	237,584,025	267,282,028	29,698,003			14,500,000
TL Pre-construction activities		1,250,000	800,000	450,000			543,514,056
TL - Technical Support during Tender and Construction		600,000	500,000	500,000			2,500,000
TL - Technical support for early procurement of goods		1,000,000					1,600,000
Tina hydropower component technical support		500,000	800,000	600,000			1,000,000
TL - Land Easement Compensation				4,000,000			1,900,000
Mamara Solar Farm	6,174,395						4,000,000
Mamara 33 kV feeder - Grid Modernisation		4,460,000	6,690,000	11,150,000			6,174,395
							22,300,000
TOTAL MAJOR	51,075,380	392,130,803	439,085,304	118,898,003	6,000,000		1,007,189,490
SECONDARY PROJECTS							
BUILDING PROJECTS							
Data Centre Building	3,729,179	1,000,000					4,729,179
Workshop - Lungga	1,829,464						1,829,464
Head Office							-
Green Village Construction	537,558		2,000,000				2,537,558
ENERGY ACCESS PROGRAM							
EAP for first 500 customers	2,000,000						2,000,000
WORLD BANK ACCESS PROJECT							
CBSP Phase 2	4,700,000						4,700,000
Electricity Access Program							
11kV Network Line Extension							
Corona Market	4,921,346						4,921,346
Areatakiki & TNK	2,500,000						2,500,000
Stone Field (Kaibia)	809,105						809,105
Kukum Highway 33kv UG cable Upgrade Works		8,000,000					8,000,000
Town Ground to White River Diversions for ADB Road Upgrade Work	16,170,403						16,170,403
Town Ground to White River 33kv UG cable Upgrade Works		2,000,000					2,000,000
SYSTEMS							
ICT - MIP/Workflow		50,000	50,000	50,000	50,000		250,000
		50,000					500,000
ICT - USP Upgrade		100,000	100,000	100,000	100,000		500,000
		100,000					500,000
ICT - Suprima upgrade		100,000	100,000	100,000	100,000		8,000,000
		100,000					1,200,000
BUSINESS DEVELOPMENT							
Grid-Connected PSDI implementation		250,000	500,000	500,000	500,000		2,250,000
TOTAL SECONDARY	37,197,055	12,950,000	3,000,000	4,750,000	4,750,000		63,397,055
OUTSTATIONS PROJECTS							
							TOTAL
Kirakira LV Switchboard Upgrade		900,000					900,000
Lata LV Switchboard Upgrade		400,000					400,000
Maluu LV Switchboard Upgrade		400,000					400,000
Noro-Munda new UG 11kv link & ADSS		7,500,000	7,500,000				15,000,000
ADB FUNDED SOLAR							
Tulagi 150kw solar farm	1,338,565						1,338,565
Kirakira 150kw solar farm	2,000,000						2,000,000
Lata 150kw solar farm	4,000,000	3,000,000					7,000,000
Maluu 150kw solar farm	2,000,000						2,000,000
Munda 1mw solar farm	2,009,947						2,009,947
HYBRID MICRO GRIDS							
New Power Station - Hauhui	2,000,000						2,000,000
New Power Station - Sasanuga	3,500,000			4,000,000			7,500,000
New Power Station - Vonunu	3,500,000						3,500,000
New Power Station - Namugha	1,434,389						1,434,389
New Power Station - Visale	7,000,000	4,000,000					11,000,000
New Power Station - Tingoa	7,000,000	4,000,000					11,000,000
New Power Station - Dala	7,000,000	4,000,000					11,000,000
New Power Station - Bina	7,000,000	4,000,000					11,000,000
New Power Station - Baolo	7,000,000	4,000,000					11,000,000
TOTAL OUTSTATIONS	56,782,901	32,200,000	7,500,000	4,000,000	-		100,482,901
TOTAL BUILDINGS	3,094,660	8,750,000	1,300,000	1,875,000	-		15,019,660
GENERATION PROJECTS							
TOTAL GENERATION	824,714	13,700,000	9,110,000	7,400,000	2,230,000		38,964,714
DISTRIBUTION PROJECTS							
TOTAL DISTRIBUTION	4,023,208	15,450,000	9,963,333	15,270,000	10,256,667		70,233,208
BUSINESS AS USUAL PROJECTS (BAU)							
TOTAL BAU	56,687,222	80,871,803	59,014,223	53,866,633	34,578,630		324,887,061
TOTAL PROJECTS	209,685,140	556,052,605	528,972,860	206,059,636	57,815,297	61,588,551	

APPENDIX D – SP STRATEGIC PLAN 2022 to 2027



APPENDIX E – Statement of Financial Position – 2024 (Audited), 2025 Forecast, 2026 Budget, 2027 to 2031 Forecast

 Solomon Islands Electricity Authority Statement of financial position 2024 Audited, 2025 Forecast, 2026 Budget, 2027 to 2031 Budget								
	AUDITED 31-Dec-24 SBD\$	FORECAST 31-Dec-25 SBD\$	BUDGET 31-Dec-26 SBD\$	FORECAST 31-Dec-27 SBD\$	FORECAST 31-Dec-28 SBD\$	FORECAST 31-Dec-29 SBD\$	FORECAST 31-Dec-30 SBD\$	FORECAST 31-Dec-31 SBD\$
Assets								
Non-current assets								
Property, plant and equipment	1,337,967,575	1,395,883,182	1,603,895,089	1,400,187,564	1,381,402,300	1,524,176,438	1,511,422,387	1,429,551,724
Right of use Assets	6,449,885	6,449,885	6,449,885	6,449,885	6,449,885	6,449,885	6,449,885	6,449,885
Works In Progress	208,534,120	209,685,140	348,568,586	753,323,356	737,749,230	495,564,527	411,495,552	411,495,552
Total non-current assets	1,595,094,437	1,632,375,350	1,967,484,989	2,164,246,519	2,125,601,415	2,026,190,850	1,929,367,824	1,847,497,161
Current assets								
Cash in the Bank	309,338,459	287,041,298	133,921,636	118,551,243	96,731,847	164,191,746	235,594,907	298,608,890
Petty Cash	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Debtors	58,162,709	113,542,470	107,000,718	109,974,581	106,725,863	105,924,647	109,629,208	113,258,225
Stocks	63,378,896	80,278,416	97,623,184	107,675,546	105,957,576	100,987,048	96,145,897	92,052,364
Prepayments	15,880,829	15,880,829	15,880,829	15,880,829	15,880,829	15,880,829	15,880,829	15,880,829
Total current assets	446,807,893	496,790,013	354,473,367	352,129,199	325,343,115	387,031,270	457,297,841	519,847,308
Total assets	2,041,902,330	2,129,165,362	2,321,958,356	2,516,375,718	2,450,944,530	2,413,222,120	2,386,665,665	2,367,344,468
Liabilities								
Current Liabilities	67,226,032	124,303,106	123,927,798	126,031,096	120,539,606	117,725,022	121,387,088	125,076,338
Deferred Income	132,605,206	163,156,953	187,130,389	216,879,829	136,245,586	127,861,967	121,758,701	124,009,313
Lease Liabilities	1,615,398	1,615,398	1,615,398	1,615,398	1,615,398	1,615,398	1,615,398	1,615,398
Term Liabilities & Loans	32,098,989	9,808,096	191,170,220	366,806,067	398,452,527	384,601,470	370,076,570	353,476,670
Total liabilities	233,545,625	298,883,553	503,843,805	711,332,390	656,853,117	631,803,857	614,837,757	604,177,719
Net Assets	1,808,356,705	1,830,281,809	1,818,114,551	1,805,043,328	1,794,091,413	1,781,418,263	1,771,827,908	1,763,166,749
Equity								
Contributed capital	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170	246,933,170
Reserves	648,351,665	648,351,665	648,351,665	648,351,665	648,351,665	648,351,665	648,351,665	648,351,665
Accumulated Profits / (Losses)	913,071,870	934,996,974	922,829,716	909,758,493	898,806,578	886,133,428	876,543,073	867,881,914
Total equity	1,808,356,705	1,830,281,809	1,818,114,551	1,805,043,328	1,794,091,413	1,781,418,263	1,771,827,908	1,763,166,749

APPENDIX F – Statement of Comprehensive Income – 2024(Audited), 2025 Forecast, 2026 Budget, 2027 to 2031 Forecast

Statement of Comprehensive Income								
2024 Audited, 2025 Forecast, 2026 Budget, 2027 - 2031 Forecast								
	AUDIT	FORECAST	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	2024	2025	2026	2027	2028	2029	2030	2031
	SBD	SBD	SBD	SBD	SBD	SBD	SBD	SBD
Operating Income								
Electricity sales								
CashPower Sales	188,499,530	178,536,151	168,249,364	172,925,506	167,817,177	166,557,334	172,382,437	178,088,750
Kwh Sales	447,145,964	378,474,899	356,669,062	366,581,938	355,752,876	353,082,156	365,430,695	377,527,415
CashPower Fees	833,734	586,198	594,991	603,916	612,975	622,169	631,502	640,974
Kwh Fees	272,290	2,245,837	2,279,525	2,313,718	2,348,424	2,383,650	2,419,405	2,455,696
Sundry Income	10,031,782	14,465,632	14,682,616	14,902,855	15,126,398	15,353,294	15,583,593	15,817,347
	646,783,300	574,308,717	542,475,557	557,327,932	541,657,850	537,998,604	556,447,632	574,530,183
Less Cost of Sales	12%	-13%	-6%	3%	-3%	-1%	3%	3%
Electricity Bought					32,370,000	129,480,000	129,480,000	129,480,000
Fuel Oil	261,413,420	237,362,895	223,332,239	226,136,299	171,145,656	64,059,962	71,863,975	79,643,078
Lubricating Oil	2,510,424	3,428,232	3,450,081	3,472,069	3,494,198	3,516,467	3,538,879	3,561,433
Generation R&M	32,317,911	20,884,440	18,588,336	18,706,805	18,826,029	18,946,013	19,066,761	19,188,279
	296,241,755	261,675,567	245,370,656	248,315,174	225,835,882	216,002,442	223,949,615	231,872,791
Gross Profit	350,541,544	312,633,150	297,104,901	309,012,759	315,821,967	321,996,161	332,498,016	342,657,392
Margin	54%	54%	55%	55%	58%	60%	60%	60%
Other Operating Expenses								
Distribution R&M	5,773,661	4,095,829	5,281,000	5,314,657	5,348,529	5,382,617	5,416,922	5,451,446
Metering R&M	675,570	1,153,334	1,182,167	1,189,702	1,197,284	1,204,915	1,212,594	1,220,322
Property R&M	2,654,330	1,309,922	1,726,000	1,756,708	1,787,963	1,819,774	1,852,151	1,885,104
Employment Costs	92,093,602	93,884,102	98,205,263	101,151,421	104,185,963	107,311,542	110,530,888	113,846,815
	101,197,163	100,443,187	106,394,430	109,412,488	112,519,740	115,718,848	119,012,555	122,403,686
Operating Profit	249,344,381	212,189,963	190,710,471	199,600,271	203,302,228	206,277,314	213,485,461	220,253,706
Margin	39%	37%	35%	36%	38%	38%	38%	38%
Other Income or Adjustments								
Grant Income	6,331,487	6,104,842	3,699,501	2,149,392	2,149,392	2,300,225	2,300,225	2,300,226
Grant Income - IDA	2,493,105	2,719,750	3,546,292	3,546,292	6,295,667	6,295,667	6,295,667	6,295,667
Bond Income	2,776,989	1,289,283	2,008,036	375,000	160,714	-	-	-
	11,601,581	10,113,875	9,253,829	6,070,684	8,605,773	8,595,892	8,595,892	8,595,893
Overheads								
Training & Dev.	1,945,881	1,888,706	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
ICT	6,441,764	6,654,853	6,889,517	7,012,093	7,136,850	7,263,826	7,393,062	7,524,597
Vehicle Costs	4,585,919	4,336,803	4,466,907	4,546,381	4,627,268	4,709,595	4,793,387	4,878,669
Consultants	4,916,354	3,872,342	7,430,000	7,562,192	7,696,736	4,000,000	4,000,000	4,000,000
Customs & Logistics	1,388,396	811,929	836,286	851,165	866,309	881,722	897,409	913,376
Personnel Costs	8,878,119	6,404,545	7,032,630	7,157,753	7,285,101	7,414,715	7,546,635	7,680,902
Finance & Fees	11,259,116	9,486,503	11,312,906	11,514,181	11,719,037	11,927,539	12,139,749	12,355,736
Travelling	2,949,667	2,529,730	3,524,994	3,587,709	3,651,541	3,716,508	3,782,631	3,849,930
OHS Costs	1,240,515	1,108,494	1,021,480	1,039,654	1,058,151	1,076,977	1,096,138	1,115,641
Other Admin Costs	15,937,457	15,131,028	16,412,853	16,704,865	17,002,072	17,304,567	17,612,445	17,925,799
Total Overhead Costs	59,543,188	52,224,932	61,327,573	62,375,993	63,443,066	60,695,450	61,661,456	62,644,650
Financial Costs								
Depreciation	144,604,078	144,855,471	149,201,135	156,661,192	159,794,416	162,990,304	166,250,110	171,237,613
Interest on Loans	586,973	487,745	366,067	251,517	303,322	4,442,243	4,264,898	4,084,345
Total Financial Costs	145,191,051	145,343,216	149,567,202	156,912,709	160,097,737	167,432,547	170,515,008	175,321,959
NET PROFIT	56,211,724	24,735,691	(10,930,474)	(13,617,747)	(11,632,802)	(13,254,790)	(10,095,110)	(9,117,009)
Margin	8.7%	4.3%	-2.0%	-2.4%	-2.1%	-2.5%	-1.8%	-1.6%
ROE	3.2%	1.4%	-0.6%	-0.8%	-0.6%	-0.7%	-0.6%	-0.5%
ROA	3.2%	1.2%	-0.5%	-0.6%	-0.5%	-0.5%	-0.4%	-0.4%