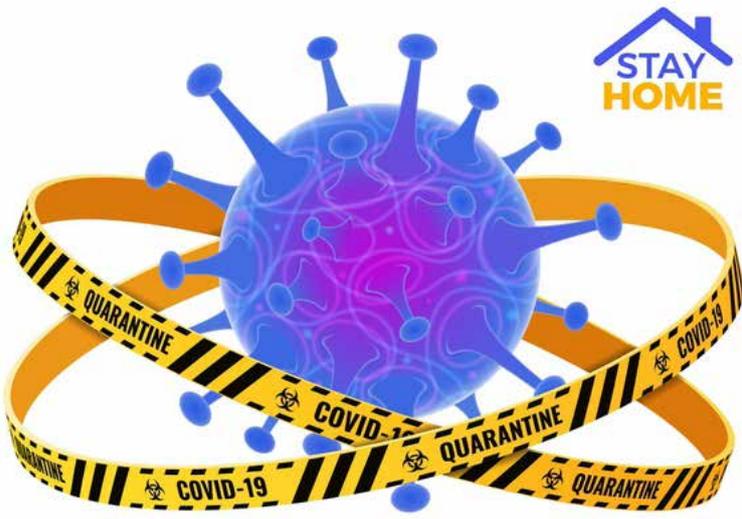


Annual Report 2020



IMPROVING FIJIAN LIVES BY LIGHTING THE WAY TO A BETTER FIJI





Stay aware of the latest COVID-19 information by regularly checking updates from WHO and your national and local public health authorities.

JUST ARRIVED IN FIJI? STAY ALERT TO STAY SAFE

- ✔ Keep a safe distance from others
- ✔ Stay indoors as much as possible
- ✔ Wash your hands regularly

**STAY ALERT
CONTROL
THE VIRUS**

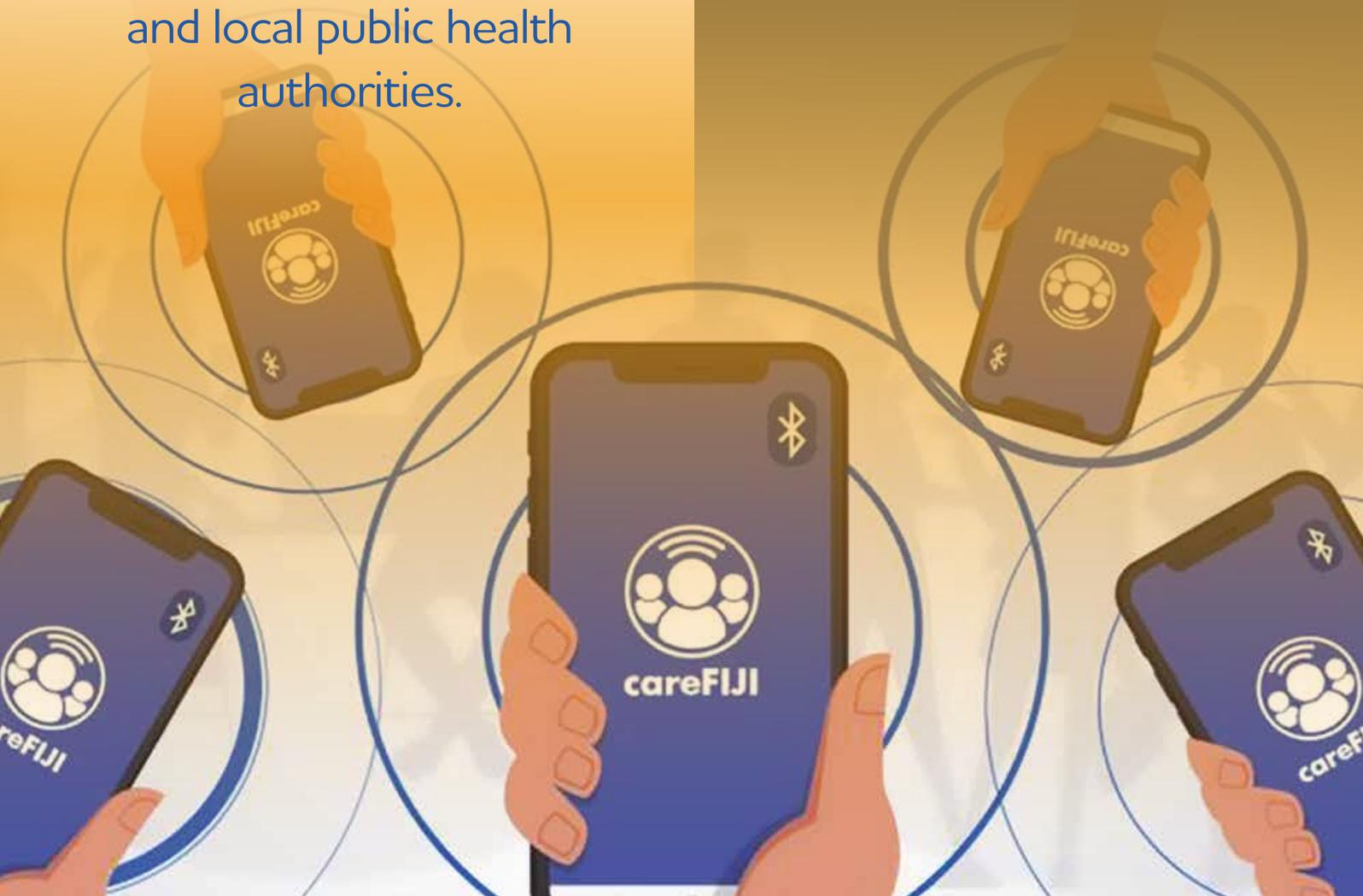




Table of Contents

04

About Us

05

The Board of Directors

05

Executive Management Team

06

Corporate Governance

10

Chairman's Report

16

Board Key Performance
Indicators

18

Chief Executive Officer's Report

45

Life After Electricity

49

Financial Statements

91

Statistics





ABOUT Us

Our Vision **Energising our Nation**

Our Mission
We aim to provide clean and affordable energy solutions to Fiji with at least 90% of the energy requirements through renewable sources by 2025.

Our Values
Customer focus
Honesty
Do what is right for EFL
Team work
Individual accountability
Transparency
Innovativeness

Energy Fiji Limited, previously the Fiji Electricity Authority, was established, incorporated and constituted under the provisions of the Electricity Act of 1966 and began operating from 1 August of that year.

The powers, functions and duties of EFL under the Electricity Act are for the basic purpose of providing and maintaining an efficient and cost-effective power supply to the Fijian people in a safe and secure manner that meets high benchmarks in quality. Every consumer group in Fiji is charged a uniform tariff rate to ensure affordability across the socio-economic spectrum. These tariffs are determined by the Regulator, the Fijian Competition and Consumer Commission (FCCC) on submission for a review by Energy Fiji Limited and the tariffs are designed to meet specific objectives while simultaneously achieving a reasonable rate of return for the shareholders.

EFL was entrusted with enforcing the Electricity Act and Regulations, setting standards, examining and registering electricians, and was empowered to approve and license suppliers to serve certain areas till FCCC was appointed as the Regulator on 30th September 2019 when the Electricity Act 2017 was gazetted. However, EFL has signed an MOA with the FCCC to continue to carry out certain regulatory functions until further notice.

Fiji Electricity Authority (FEA) was corporatised into Energy Fiji Limited (EFL) on 16 April 2018, a public company limited by shares, and was registered under the Companies Act. EFL has also been appointed as the successor entity of FEA. One of the key objectives of the corporatisation of FEA is to provide an opportunity for Fijians to share in the economic benefits of FEA and list the newly corporatised entity on the South Pacific Stock Exchange which will promote the development of Fiji's capital market. In March 2017, a new Electricity Act 2017 was passed by Parliament, however, the new Electricity Act 2017 was gazetted on 1st October 2019 and came into effect.

The Board of Directors

		GARDINER WHITESIDE Deputy Chairman		KAMAL GOUNDER Director
DAKSESH PATEL Chairman		DAVID KOLITAGANE Director		TEVITA KURUVAKADUA Director Retired - October, 2020
		HASMUKH PATEL Director		VILIAME VODONAIVALU Director Appointed - October, 2020

Executive Management Team

		BOBBY NAIMAWI Chief Financial Officer/Board Secretary		EPARAMA TAWAKE General Manager Generation
HASMUKH PATEL Chief Executive Officer		ANNABEL DUCIA General Manager Customer Services		JITENDRA V. KUMAR General Manager Network
		NAVEEN LAKSHMAIYA General Manager Human Resources		OM DUTT SHARMA General Manager System Planning & Control
		UMESH CHANDRA Chief Information Officer		ANAND NANJANGUD General Manager Special Projects

Corporate Governance

EFL is committed to strengthening its Corporate Governance and transparency in reporting in accordance with the Corporate Governance Code for the Energy Sector. The EFL Board has set a high standard of Corporate Governance by overseeing a sound and effective governance framework for the management and conduct of EFL's business.

On a continuous basis EFL has reviewed its existing policies and has codified policies in line with its goals to improve the standard of Corporate Governance. EFL evaluates the effectiveness of its Board of Directors as a whole each year in a continuous effort to maintain and improve its functions. Through both internal reflection and external comparison to best practices around the world, the Board remained effective, informed, and independent in 2020.

The EFL Articles of Association set out the powers and duties of the Board of Directors in terms of managing the company effectively and efficiently. The key responsibilities of the Board are as follows:

- Determine the Organization's Vision, Mission and Strategic Objectives;
- Review the strategic plan and provide input;
- Ensure effective communications to and from shareholders and relevant stakeholders;
- Ensure legal compliance and ethical integrity;
- Bears the ultimate responsibility for the overall successful operation of EFL;
- Provide proper financial oversight;
- Appointment of the Chief Executive Officer in line with EFL's Articles of Association where the directors are expected to exercise due diligence in making this appointment;
- The Board appoints the Company Secretary, in accordance with the EFL Articles of Association and the recruitment policy;
- Ratifying the appointment of members of EFL's Executive Management Team, approving their terms of employment;
- Determine the company's appetite for risk and to engage in the process of implementing a robust risk management framework.



The Honourable Prime Minister, Josaia Voreqe Bainimarama commissioned the Power Grid Extension to Solove Primary School at Seaqaqa, Macuata.

The regular business of the Board during its meetings covers EFL's overall results, strategic matters, financial performance, governance and compliance, risk management performance and other matters. The EFL Executive Management is accountable for implementing the Board's decisions, and is responsible for directing and overseeing the operations of EFL. Further, the EFL's Executive Management is responsible for providing monthly reports to the Board addressing the financial and non-financial matters of interest to the Board. EFL Executives also monitor the Risk Management Register to ensure that key business and operational risks are identified and appropriate controls and mitigating procedures are put in place to manage those risks.

There are (4) four Board Sub-Committees:

- Audit & Finance Sub-Committee
- Human Resources Sub-Committee
- Tender Sub-Committee
- Major Projects Sub-Committee

These Sub-Committees meet monthly to discuss and deliberate on various Decision and Information Board papers and thereafter their considerations are reported to the full Board at its two monthly meetings for its final approval and information.

BOARD OF DIRECTORS

The EFL Board of Directors presently consists of six (6) members.

The Board composition of EFL for 2020 was as follows, together with the number of Board Meetings attended. There were six (6) board meetings held in 2020 as tabulated below:

Board Directors			
DIRECTOR		NO. OF BOARD MEETINGS ATTENDED	ELIGIBLE TO ATTEND
DAKSESH PATEL	Board Chairman	6	6
GARDINER WHITESIDE	Deputy Chairman	6	6
DAVID KOLITAGANE	Director – Permanent Secretary for Agriculture/ Permanent Secretary for Fiji's Rural and Maritime Development	3	6
KAMAL GOUNDER	Director – Ministry of Economy	5	6
TEVITA KURUVAKADUA	Director – Representing Fiji National Provident Fund (FNPF). Retired 3rd October 2020	4	6
VILIAME VODONAIVALU	Director – Representing Fiji National Provident Fund (FNPF). Appointed 5th October 2020	0	6
HASMU KH PATEL	Director – Chief Executive Officer	6	6

APPOINTMENT OF THE NEW BOARD DIRECTOR

EFL welcomed the appointment of Mr. Viliame Vodonaivalu, the Board representative of the Fiji National Provident Fund. Mr. Viliame Vodonaivalu replaced Mr. Tevita Kuruvakadua whose term expired in October 2020.

RISK MANAGEMENT

Risk Management encompasses the identification, analysis and response to risk factors that form part of the life of a business. At EFL, effective risk management means attempting to control, as much as possible, future outcomes by acting pro-actively rather than reactively. Risk management is an important process because it empowers a business with the necessary tools so that it can adequately identify and deal with potential risks.

An effective risk management programme offers the potential to reduce both the possibility of a risk occurring and its potential impact. This year due to travel restrictions because of COVID-19, the risk focus workshop was conducted in-house to identify and discuss the top 20 business risks of EFL. The EFL risk register was updated and action plans were developed to mitigate the risks identified. Once a risk has been identified, then it is comparatively practical to mitigate it. In addition, risk management provides a business model on which sound decisions can be made to ensure that the business remains financially sustainable.

INTERNAL AUDIT

The Board of Directors ("Board"), the Executive Management and Senior Management teams rely on Internal Audit for objective assurance and insight on the effectiveness and efficiency of Corporate Governance, Risk Management and Internal Control processes to help Energy Fiji Limited ("EFL") achieve its strategic, operational, financial, and compliance objectives. The Internal Audit Department provides insight on the effectiveness of controls and compliance with policies and procedures, and recommends improvements.

The Internal Audit department's role, operating environment and operating parameters are clearly set out in the EFL's Internal Audit and Risk Management Charter, as reviewed and approved by the Board in 2014. The Internal Audit Department executes a Board Approved Annual Audit Plan and performs the following tasks in accordance with its overall strategy:

- Verify the existence of assets and recommend proper safeguards for their protection;
- Evaluate the adequacy of the system of internal controls;
- Recommend improvements in internal controls;
- Assess compliance with policies and procedures and sound business practices;
- Assess compliance with the Fijian laws, legislation, regulations and contractual obligations.
- Review operations/programs to ascertain whether results are consistent with established objectives and whether the operations/programs are being carried out as planned;
- Investigate reported occurrences of fraud, embezzlement, theft, waste, etc.

Independence is essential to the effectiveness of the Internal Audit function. In carrying out the duties and responsibilities, the Manager Internal Audit reports all significant audit issues and observations to the Board Audit and Finance Sub-committee (AFSC). AFSC is a forum at Board level that reviews the Audit Reports and ensures that Management addresses the issues highlighted in the report. The concerned Departments undertake remedial actions prior to a follow-up audit. Internal Audits were undertaken on the operational activities of all the Strategic Business Units (SBUs). In 2020, the AFSC met on a monthly basis to review the reports submitted for each Division.



The Honourable Minister for Economy, Mr Aiyaz Sayed-Khaiyum with EFL staff at EFL Head Office in Suva.



In 2020, all EFL employees and customers undergo temperature screening on a daily basis at all locations as part of precautionary measures implemented for the Covid-19 pandemic.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The EFL Board approved the establishment of a Foundation which will be responsible for all the corporate social responsibility activities of EFL. The Board is actively engaged and is in the process of naming the Foundation while the trustees who have been appointed by the Board, will then oversee the running of the Foundation and also seek the assistance of other stakeholders.

The setting up of the foundation will add a new dimension to the way EFL will conduct its Corporate Social Responsibilities (CSR). The Company will act responsibly and give back to the communities who have contributed immensely to the success of EFL over the years.

It is envisaged that the foundation will be launched in 2021. However, EFL did not hold back but continued with other CSRs in 2020. EFL assisted communities after Cyclone Yasa by providing food rations, hosted morning tea at Head Office to raise funds for the Cancer Society of Fiji and also assisted an EFL employee who lost his entire house during a fire. Furthermore, EFL employees also contributed financially towards the urgent overseas medical treatment of their fellow employee's ten year old son who sustained head injuries while playing rugby.



EFL hosts the Cancer Society of Fiji for morning tea to raise funds for cancer patients as part of its Corporate Social Responsibility.

01



CHAIRMAN'S REPORT

DAKESH PATEL - EFL CHAIRMAN

The year 2020 will no doubt go down in the history books as the year economic activities around the world came to a standstill as a result of the Covid-19 pandemic. The impact on the global economy, including Fiji were profound. The closing of the International borders and implementation of restrictions such as lockdowns, social distancing and imposition of curfew, added further woes to the already depressed global economy.

The adverse impact of the Covid-19 pandemic to the Fiji economy was inevitable and unparalleled. The global economic downturn threat was no exception to Fiji. For Energy Fiji Limited, our sales declined significantly when the Covid-19 pandemic struck Fiji in March 2020. Energy sales declined substantially by around 20% in April due to the lockdowns in Lautoka and Suva cities, closing of the international borders affecting the tourism industry very badly which further resulted in closure of most hotels and businesses directly associated with the tourism industry. The implementation of curfew hours from 8pm to 4am daily affected many other commercial operators who were forced to downsize, reduce working hours or completely shutdown in the midst of the pandemic. All these restrictions affected the sale of electricity and contributed to the initial reduction in demand of electricity by 20%. Despite the reduction in electricity demand improving to an average of 10% by year end, the overall impact of the pandemic, more-so the closure of the International borders and travel restrictions, did not enable EFL to carry out its major Capital Expenditure Projects as programmed in 2020.

Notwithstanding the setback caused by the Covid-19 pandemic, EFL still rose above these challenges and recorded a profit before tax of \$82.7M, which was \$3.4M more as compared to 2019. This level of profitability was achieved due to the good hydrology at Monasavu, low fuel prices and prudent operational and financial management.

The year 2020 also marked the 50th anniversary of Fiji's Independence, a defining moment in our history, making Fiji Day an important event on the calendar for all Fijians. This milestone celebration symbolizes national pride for which we all must take time to reflect on our beloved Fiji and what it means to us. Two of our senior executives were recognized by the Fijian Government for their long service in the electricity sector. Our CEO, Hasmukh Patel and former Chairman and past CEO of EFL, Mr Nizam-Ud-Dean were both awarded with the 50th Anniversary Medal. EFL Board, Management and staff is proud of this recognition of EFL employees. This achievement is part of the EFL's "Vuvale" recognition at the national level.

New Opportunities through Proven Fundamentals

Following corporatisation, EFL remains wholly committed to its basic corporate fundamentals. Our chief priority remains our future-facing investment strategy, balancing prudent financial management and thoughtful reinvestment to meet the growing need for clean energy through the expansion and upgrade of Fiji's energy infrastructure.

EFL reviews its 10-year Power Development Plan (PDP) every 2/3 years. The ten (10) year power development plan was reviewed at the end of 2019. The next review is due in 2022. It contains the load forecasting and power generation planning scenarios up to 2028 for Viti Levu, Vanua Levu, Ovalau and Taveuni Power Systems with associated network assets to be augmented/developed and the investment plan required to implement this 10-year Power Development Plan.

The total investment required in the generation, transmission and distribution sectors is estimated to be around \$1.97B. EFL has identified a suite of renewable energy projects that will be required to develop and commission over the next 10 years. These investments would create new capacity to meet the future demand of electricity via renewable energy sources and satisfy relevant network redundancy requirements to improve the security and reliability of power supply.

We see myriad options for investors in EFL to participate in the development of these future generation infrastructures either through EFL funding these generation infrastructures via its own balance sheet or these new generation infrastructures financed via a separate entity, co-funded by EFL and its investor(s) at arm's length PPA between IPP generator and EFL with 100% offtake.

The total debt of EFL as at end of December 2020 stands at \$190.53M. This has decreased significantly by \$29.21M (net) as compared to the loan balance of around \$219.74M reported as at end of December 2019 due to the strength of EFL's cash flow and prudent debt management. The reduction in debt level is due to the mandatory loan repayments together with the early redemption of two high interest Bonds with FPNF and LICL. It is a big achievement for EFL that it has early redeemed two high interest bonds in December 2020 amounting to \$8M that were supposed to expire in 2023 at interest rates of 7.15% respectively. The average market interest rate is around 4.9% per annum in 2020. \$2.7M was for LICL Bond at a coupon rate of 7.19% p.a. The other was with FPNF Bond at a coupon rate of 7.19% p.a. Both were early redeemed on 22nd December 2020. There is no more Bond on the EFL Balance Sheet as at 31st December 2020. These bonds were the only borrowings secured via Government Guarantee.

EFL plans to execute \$213.52 million worth of capital expenditures over the next three years, \$96.21million in 2021, \$51.31 million in 2022 and \$66 million in 2023. The projected capital expenditure of \$96.21million in 2021 is envisaged to cover distribution reinforcement projects, urban reticulation and rural electrification projects, the purchase of electricity meters and motor vehicles, the refurbishment of the Monasavu Hydro-Electric Scheme, the 33kv sub-transmission network development from Vuda to Naikabula, three 132kv tower replacements, equipment and system upgrades to enhance power supply security and reliability through greater automation and the new 132kv transmission network development from Virara, Ba to Koronubu, Ba and other capital projects.

EFL has carried out a re-prioritization of its 2021 capex and most of the capex amounting to \$213.52M that have not been carried out in 2019 and 2020 have been re-prioritized to be implemented either in 2021, 2022 and 2023 respectively. It is assumed that the current average electricity tariff of 38.4 c/u (VEP) which has incorporated the tariff increase of 2.74% effective from 1st October 2019 as approved by the FCCC will be reviewed every four (4) years under the new regulated tariff regime.

REMARKABLE ACHIEVEMENT FOR ENERGY FIJI LIMITED - FIJI'S LARGEST EVER SYNDICATED BANKING FINANCING FACILITY

In August 2020, EFL moved away from a single banking arrangement, which it has adopted as its funding arrangement for many years and implemented one of the largest Syndicate Banking Facility in Fiji with a credit appetite of around \$335M. The Syndicate Banking Facility was signed with ANZ, BSP and WBC Banks. This is a major achievement for a Government company like Energy Fiji Limited and this shows the level of confidence the commercial banks have in EFL. The main objectives of moving to the Syndicate Banking Facility are:

- From a Good Corporate Governance and Risk Management point of view as this allows EFL to deal directly on same terms and conditions with the three banks for its funding requirements rather than dealing or relying on just one bank. In this way, EFL is diversifying its credit risks;
- That the EFL Balance Sheet is stress tested to ensure Optimum Credit Facility is achieved to enhance the growth of shareholders' values;
- To achieve optimum level of credit facility to finance EFL's long term capital expenditure plan since EFL is a highly capital intensive industry. Under a single Banking arrangement it will be difficult for one bank to meet the entire credit appetite of EFL;
- To promote better Cash flow management and Supply Chain financing for EFL;
- Built strong and strategic relationships with the three bankers.

HLB Debt Advisory of Australia and Board Advisor Prasann Patel, were instrumental in providing advise to Energy Fiji in connection with its inaugural syndicated financing and Fiji's largest ever syndicated banking facility.

The financing provides Energy Fiji Limited with a resilient capital structure and funding for future development of power generation and transmission infrastructures. The financing has an innovative green initiative pricing model, rewarding Energy Fiji as it promotes energy generated from wind, solar, hydro and any other forms of renewable energy produced from sources that do not deplete or can be replenished within a human's life time.

Energy Fiji Limited awarded the role of Lead and Facility Agent to Australia and New Zealand Banking Group, Fiji Branch, Senior Participant roles to Bank of South Pacific, Fiji Branch and Westpac Banking Corporation, Fiji Branch. The total drawdown facility under this arrangement was around \$185M with available headroom of around \$150M as at 31st December 2020.

This is a remarkable achievement for Energy Fiji - particularly with the backdrop of working through a global pandemic. The entire team - being the company, the advisors and the banks, worked tirelessly to get this initiative over the finish line. We are grateful for the confidence that our new syndicate banking partners have in Energy Fiji and our plans for the future.

Fiji has the following potential renewable energy sources which are considered as an upside to its business.

- Hydro Projects.
- Solar Projects.
- Biomass - Waste to Energy Plants.

RENEWABLE POWER GENERATION PROJECTS

Funding the development of renewable energy requires expertise, innovation and financial resources. EFL's commitment towards renewable energy development also includes a significant financial investment.

Power generation projects determined to be bankable will be funded via long term borrowings from commercial banks and reputable financial institutions.

The Balance Sheet of EFL as at end of December 2020 is in a very strong position. The strong balance sheet position as at end of December 2020 is attributed to the strong profits recorded by EFL in 2020 and over the last five years as well as reductions in the debt level. EFL's total assets are more than twice the total liabilities in the ratio 2.64:1 and shows that the balance sheet of EFL is healthy and strong.

The Debt to Equity ratio has also improved to 62% Equity and 38% Debt as at end of December 2020. This also shows that EFL has added significant shareholder value over the years and continues to service its debt obligations conscientiously without defaulting.

PROGRESS ON RENEWABLE ENERGY PROJECTS - NEW SOLAR PROJECTS

1. Qeleloa 5MW Solar Farm

The Qeleloa 5MW solar farm will be developed by Sunergise Fiji Limited (SFL) and EFL intends to negotiate and sign a Power Purchase Agreement (PPA) with SFL in early 2021. The project is scheduled to be constructed and commissioned by Q2-2022.

2. Development of 3 x 5MW Solar farms in Viti Levu

EFL has signed the Financial Advisory Services Agreement (FASA) with the International Financial Corporation (IFC) to secure expertise for the design and implementation of a public-private partnership for the development of three separate 5MW solar photovoltaic (PV) plants. IFC's grant comes in the form of Donor funded Technical Assistance Program and will provide solar experts who are armed with vast global experience and expertise. This will help EFL to seek internationally-competitive bidders that are capable of developing the solar power projects. These projects are expected to be commissioned in 2022 and 2023 respectively with no or with small battery energy storage systems (BESS). In anticipation of this arrangement, EFL has already purchased a solar site in Tavua and have identified sites in Ba for acquisition in 2021. The successful completion of these solar projects will contribute towards the mission of EFL to provide clean and affordable energy solutions for Fiji with at least 90% of the energy requirements through renewable sources.

3. Solar Project in Taveuni

The tender for EPC construction of this 1MW solar farm with 1MWh lithium-ion battery storage system has been awarded and the project is scheduled to be completed by Q3-2022. This is the first project in Fiji with such large battery storage system. This will ensure that Taveuni will be 100% renewable by the end of 2022 achieving a very unique zero carbon footprint status in Fiji.

Meanwhile, the 100%-EFL-owned subsidiary company, Fiji Renewables Pte Limited (FRL) will spearhead the development of renewable energy in Fiji, in support of the Government's commitment. We're extremely proud of the ambition behind this commitment, as we strive to set the Fijian energy sector on a sustainable, future-focussed path.

4. Agro-Photovoltaic Solar Project in Ovalau

In August 2020, this proposed project at Ovalau has received approval from the Green Climate Fund. This is a unique project in the region where agriculture activity will be continuing under the elevated solar panel structure. The project cost is USD 3.9M and will have suitable BESS so that the solar energy can be safely exported to the EFL grid. The proposal is being developed so that sustainable and integrated approach can be taken to ensure food security along with energy security for the Island in a sustainable manner making Ovalau island 100% renewable energy by 2025.

Looking Forward to the Future

Renewable Energy Projects

1. Qaliwana and Upper Wailoa Diversion Hydro Development Scheme

The feasibility study funded by the EIB is in the final stage despite the hindrance and setback experienced in 2020. The final report is expected by Q2-2021 due to the delays caused by Covid-19 travel restrictions. The geotechnical investigation at certain sites have been deferred due to site access restrictions which will be completed in due course prior to the development of the project. The decision on the development model such as IPP, JV or by self-funded EFL project, will be taken later in 2021 once the feasibility report is on hand and the new shareholders are on board after the partial divestment exercise is completed.

2. Namosi Hydro & Lower Ba Hydro Development Schemes

EFL is liaising with the Office of the Australian High Commission in Fiji for the Australian Infrastructure Financing Facility for the Pacific (AIFFP) to carry out detailed feasibility studies for the Namosi Hydro Scheme which is located in the Central Division of Viti Levu via grant aid.



The feasibility studies for the Lower Ba Hydro Scheme in Western Division of Viti Levu will be carried out by the European Investment Bank (EIB) via grant aid on completion of the feasibility studies for the Qaliwana/Upper Wailoa Hydro Scheme in 2021.

3. Development of 132kV Transmission Network from Virara Settlement to Rarawai, Ba

Due to the wide spread impact of Covid-19 and WHO declaring a pandemic, the international borders were closed as countries started to take precautionary measures to prevent the spread of the virus within their borders. This made the face to face interviews impossible with the various bidders to negotiate the contracts for the development of this 132kV transmission network as travel restrictions were in place.

The process of negotiations with the three (3) contractors began in April 2020 and continued with hiccups due mainly to the lockdowns imposed in various cities around the world such as New Delhi, Kuala Lumpur and Adelaide apart from our home cities such as Suva and Lautoka, where the concerned Contractors and Consultants were located.

The team had to depend only on Video or Audio conference calls and email exchanges of legal contract documents to progress the onerous task— drafting, correcting of legal clauses and discussion of various hitches so that both parties (EFL & Contractor's) can agree. If this was done face to face it would have been far more efficient but constraints imposed by Covid were beyond anyone's control. Finally, after 31 sessions of Video conference calls on Zoom (Microsoft TEAMS or Skype etc) and numerous teleconference calls, the contracts were finally signed off on 17th August 2020.

One of the bidders for the development of the 132kV Transmission Network from Virara to Koronubu, Ba terminated its contract with EFL due to the covid-19 pandemic. This was totally outside EFL's control. Fresh tender bids were called for the design and construction of this transmission line and the bids will be evaluated and awarded to the successful bidder in the first half of 2021.

This project has been delayed due to COVID-19 pandemic but will be developed commencing in 2021 and anticipate completion by end of 2022, if travel restrictions are lifted internationally.

4. Development of 33kV Transmission Network from Vuda to Naikabula, just outside Lautoka City boundary.

Construction work on the development of a 33kV transmission overhead network from Vuda to Naikabula together with a 33kV/11kV zone substation in Naikabula commenced in 2019. This project is being developed to meet the increase in demand of electricity as well as increasing the reliability of power supply in the Lautoka District. Work continued on this project in 2020 as of Covid-19 did not adversely impact the construction of this project. The project is on schedule and is expected to be completed by the end of 2021.

THE NEW ERA OF CORPORATISATION

The FEA was corporatised into Energy Fiji Limited, a Limited Liability Company on 18th April 2018. The Government has approved the partial Divestment of EFL's Shares where 51% will be retained by Government, 5% given for nil consideration to the domestic account holders of EFL, 20% sold to FNPF in October 2019 and the remaining 24% subject to an ongoing divestment process.

In 2020, a foreign Investor together with their strategic business partner carried out a comprehensive and exhaustive due diligence of EFL's business with the intention of acquiring shares in EFL as part of the Government's partial divestment exercise of EFL. The strategic investor requested for lots of data in the technical areas of engineering and operations, financial, commercial and legal. This was facilitated via a data room where the "Request for Information" was stored. The international strategic investor did their due diligence together with its partner. Work is in progress to further diversify 24% of Government's shares in EFL. EFL is looking at the strategic investor's proposal to acquire a 44% stake in EFL including the FNPF's 20% shares. The Shareholding structure of EFL will change if the foreign investors do ultimately buy shares in EFL in 2021.

Further, Energy Fiji Limited is governed by the Companies Act and no longer under the Public Enterprises Act. The ultimate plan is to list the company on the South Pacific Stock Exchange.

A TEAM EFFORT, A TEAM SUCCESS

EFL manages a transmission and distribution power network that stretches across the country with over \$1 billion in assets and maintains over 10,000 km of power lines combined in rural and urban regions. Our most valuable asset isn't composed of power poles and cables; our greatest asset is, far and away, our people. From our Board of Directors to our staff in offices around the nation, to our maintenance teams in cities, rural communities and maritime regions, our people are on the front-lines of powering Fijian prosperity, and they have my total sincere gratitude. Together, we made 2020 a complete success despite the impact of Covid-19, and we all have a cause to celebrate EFL's achievements.

When nature disrupts the power supply in Fiji, the Fijian people know they can count on EFL to do absolutely everything within our control to get power back online, restoring that feeling of safety and security that only reliable electricity companies can provide. We'll continue to work day and night until the job's done --not only in moments of crisis, but whenever necessary -- to keep the lights on in Fijian households, and to expand our grid to bring the life-changing benefits of electricity to more of our people.

Of course, none of our progress would be possible without the unwavering support of the Fijian Government. I'm deeply grateful for the visionary leadership of our Honourable Prime Minister, during these trying times of the covid-19 pandemic. I thank his Honourable Cabinet Ministers, particularly the Honourable Attorney-General, Aiyaz Sayed-Khaiyum, and the Minister for Infrastructure and Transport, Jone Usamate for their constant support and sincere interest in EFL's progress and success.

I'm also grateful to the Permanent Secretaries and other key government officials for their support of our Honourable Prime Minister's agenda for Fijian progress. And I thank the Reserve Bank of Fiji, the Fijian Competition and Consumer Commission, the Fiji Revenue and Customs Service and the Executives from the various unions with whom we work with for their continued support and cooperation. But above all else, I'd like to thank our customers. Our work energising industries, the retail sector, homes, roads, schools and hospitals across the country is solely in support of our economic well-being. Your interests are at the very centre of every decision we make, and we will continue to innovate, invest and improve our services on your behalf. Thank you for allowing us to serve you.

Looking to the future, EFL will continue to share our success as widely as possible by delivering value for our shareholders and by offering our customers a high level of service in the energy sector that is on par with what can be found in more developed economies. Throughout all of our work, sustainability will remain at the heart of our leadership, whether it is growing access to renewable energy, strengthening our resilience to climate change, solidifying our partnerships with landowning communities or setting our organization up for long-term financial success.



Affordable and reliable electricity is a life changer for all Fijians.

02

BOARD KEY PERFORMANCE INDICATORS

The status of the achievement of the ten EFL Board Key Performance Indicators (KPIs) for 2020 is tabulated below.

1. Meeting Lenders' Requirements

GOAL: Ensure EFL Comply with the debt covenants set by Lenders subject to the key assumptions for 2020 becoming a reality. **OUTCOME:** Achieved. EFL recorded an after tax profit of \$66.79M in 2020 enabling us to comply with all financial covenants signed with our lenders.

2. Meeting Statutory Obligations

Fully comply with the following statutory requirements:

GOAL: Submission of the 2021 to 2023 Corporate Plan, SCI and EIRP by 31st October 2020. **OUTCOME:** Achieved.

GOAL: Submission of the half year report for 2020 financial year by 1st August 2020. **OUTCOME:** Achieved. Submitted on 1st August 2020.

GOAL: Submission of the draft un-audited financial accounts for 2020 by 31st January 2020. **OUTCOME:** Achieved. Submitted on 31st January 2020.

GOAL: Submission of the annual report and audited financial accounts for 2019 by 30th April 2020. **OUTCOME:** Achieved. Submitted on 30th April 2020.

3. Satisfying Customers

GOAL: Ensure that the Customer Satisfaction Level for 2020 as per the Corporate KPI is achieved. **OUTCOME:** Partially Achieved. Domestic target 91%, achieved 93.3% and Commercial/Industrial target 94%, achieved 90.5% as per the Corporate KPI for 2020.

4. New Independent Power Producers

GOAL: Sign a Power Purchase Agreement with an Independent Power Producer (IPP) by 31st December 2020 to develop at least one new IPP plant. **OUTCOME:** Work in progress. Delayed due to Covid-19 pandemic. Anticipate signing PPA in the first half of 2021.

5. Completing Actions for Divestment

GOAL: Implement all EFL action Items as per the Agreed Timetable with the Ministry of Economy regarding the divestment of the remaining 24% of the Government Shares in EFL.

OUTCOME: Achieved.

6. Advancing the development of the new 132kV redundant Transmission Line from Nadarivatu/Monasavu to Nacocolevu in Sigatoka, once EIB finalises the detailed feasibility study in 2020

GOAL: A firm recommendation on the way forward for the development of the new 132kV redundant Transmission Line from Nadarivatu/Monasavu to Nacocolevu in Sigatoka, once EIB finalises the detailed feasibility study in 2019. **OUTCOME:** Partially Achieved. EIB completed the detailed feasibility study and have provided their report to EFL in 2019. However, as a result of the partial divestment exercise of EFL this KPI was parked.

7. New 132kV Transmission Network from Virara, Ba to Koronubu, Ba

GOAL: Ensure that the new 132kV Transmission Network from Virara, Ba to Koronubu, Ba progresses according to the project schedule for 2020. **OUTCOME:** Achieved. EFL has awarded the tenders for the construction of the new 132kV transmission network. Due to the wide spread of Covid-19 and WHO declaring a pandemic the international borders were closed as countries started to take precautionary measures to prevent the spread of virus within their borders. One of the bidders for the development of the 132kV Transmission Network from Virara to Koronubu, Ba terminated its contract with EFL due to the covid-19 pandemic. This was totally outside EFL's control. Fresh tender bids were called for the design and construction of this transmission line and the bids will be evaluated and awarded to the successful bidder in the first half of 2021.

8. Purchasing Power from Independent Power Producers

GOAL: Ensure that a 5MW solar PV is constructed and commissioned in 2020.

OUTCOME: Not Achieved due to Covid-19 impact.

9. Development of the Tavua and BA 5MW Solar farms

GOAL: Make a firm recommendation on the way forward for the development of the Tavua and Ba 5MW Solar farms. **OUTCOME:** Achieved. EFL has signed the Financial Advisory Services Agreement (FASA) with the International Financial Corporation (IFC) to secure expertise for the design and implementation of a public-private partnership for the development of three separate 5MW solar photovoltaic (PV) plants.

10. Refurbishments of the remaining three (3) generators at Wailoa

GOAL: Ensure that the refurbishments of the remaining three (3) generators at Wailoa progresses accordingly to the work schedule for 2020. **OUTCOME:** Not Achieved. Due to the wide spread impact of Covid-19 and WHO declaring a pandemic the international borders were closed as countries started to take precautionary measures to prevent the spread of virus within their borders. Thus the overseas contractors could not travel to Fiji to carry out the refurbishment work.

03



CHIEF EXECUTIVE OFFICER'S REPORT

HASMUKH PATEL - EFL CHIEF EXECUTIVE OFFICER

2020 will go down in the history of EFL as one of the most challenging year. Apart from the Covid-19 pandemic which adversely affected EFL's business, EFL faced other challenges in the form of four (4) Tropical Cyclones (TC) which struck Fiji in 2020. TC Sarai in late December 2019, Cyclone Tino in February 2020, Cyclone Harold in April 2020 and the year ended with Cyclone Yasa. The gale-force winds and heavy rain caused power outages and flooding across the country. Our resources, particularly our employees, were put to one of their biggest tests when TC Yasa, TC Harold, TC Sarai and TC Tino, caused destruction throughout Fiji, causing extensive damage to the EFL Power System infrastructures. EFL rose to this challenge and admirably restored power supply to most of the affected customers on or before the projected timeframe. It was a huge challenge for EFL and its employees to restore power supply to the affected areas. Damage caused by the Cyclones was significant. The total restoration costs incurred by EFL for the four cyclones was around \$4.5M at the end of the year. Restoration of the power network was still in progress to normalise the power supply in Viti and Vanua Levu at the end of the year and it is anticipated that the restoration exercise will be completed by the end of January 2021. EFL is expected to incur a further \$6M cyclone restoration cost in 2021. These repair costs were not budgeted for by EFL. The major EFL capital projects were also deferred as the power restoration work became the utmost priority for EFL and furthermore this was exacerbated due to travel restrictions and closure of international borders.

Secondly, the impact of the pandemic on our economy has been crippling considering that we were already in a situation of economic recession before the Covid-19 virus struck Fiji in March-2020. The Covid-19 outbreak presents a significant challenge for Fiji and the world and businesses globally, including Energy Fiji Limited. When Covid-19 pandemic set into Fiji in March 2020, EFL recorded a dip or decline in the demand/sale of electricity by 20% in the month of April-2020 as compared to April 2019 a normal year. The decline was largely driven by the:

- Lockdown in Lautoka
- Lockdown in Suva
- Travel Restrictions
- International Border Travel Lockdown
- Curfew hours; and
- Job losses, imposition of reduced hours and pay cuts

The above restrictions adversely impacted businesses throughout Fiji and mostly the hotel industries and related sectors. By December 2020, the reduction in demand/sale of electricity had improved from 20% to around 10% when compared to 2019.

Since electricity is a stimulator for economic growth, the EFL Board endorsed the introduction of the Covid-19 subsidy, which was announced as part of the 2020 Government Covid-19 budget. The Covid-19 subsidy was applicable to subsidized domestic customers whose combined household annual income is \$30,000 or less and their first 100 units of electricity consumption in a month was fully subsidized with Government contributing 48% and EFL contributing 52%. Prior to the Covid-19 pandemic, the Government was subsidizing 48% and the customer was responsible for the remaining 52% of the first 100 units of electricity consumed in a month. EFL paid a total Covid-19 discount of around \$5M in 2020. This is EFL's social contribution to its customers at a time when these customers are going through financial difficulties as a result of the Covid-19 pandemic.

In view of the impact of Covid-19 on our customers as a result of job losses, reduced hours and pay cuts, EFL faced a lot of challenges collecting electricity debts in a timely manner in 2020. EFL granted a further four weeks to electricity customers to settle their electricity bills.

Further, the Covid-19 pandemic also affected the timely implementation of EFL's capital expenditure plan and the procurement of essential equipment, spare parts and critical inventories. The EFL Board had approved a CAPEX budget of \$93.86M for 2020. Against this budget, EFL only spent a total of \$47.93M in 2020 due to travel restrictions and lockdowns in Fiji as well as globally which affected the mobilization of contractors/consultants, equipment/materials and other resources into Fiji in a timely manner. Additionally, due to the travel lockdowns, EFL struggled with the procurement of equipment, spare parts and inventories required for critical maintenance work. Due to travel lockdowns with limitations on cargo being air freighted, the sea freight demand significantly increased resulting in shipping delays and significant increase in cost of sea freight. EFL internally funded its CAPEX expenditure of \$47.93M in 2020.

However, on a positive note, the Covid-19 pandemic which adversely impacted the global economy was a blessing in disguise for EFL as the price of fuel crashed to one of its lowest level from around US\$67/barrel in early 2020 to around US\$16/barrel in April 2020. This benefited EFL's business as it was cost-effective to generate and sell electricity via diesel fuel in 2020. EFL incurred \$94.06M in fuel costs in 2020 compared to \$134.33M in 2019.

Both, the weighted average decline in demand of around 10% in 2020 compared to 2019 and the decline in global fuel price in some way positively impacted EFL's business. Both these factors contributed towards EFL's financial performance in 2020. EFL ended the year on a high note by recording a profit after tax of \$66.79M which is another milestone achievement despite the global crisis which struck Fiji in March 2020 and the damages caused by the four cyclones.

EFL's Progress In A Depressed Fijian Economy Post Covid-19 Pandemic

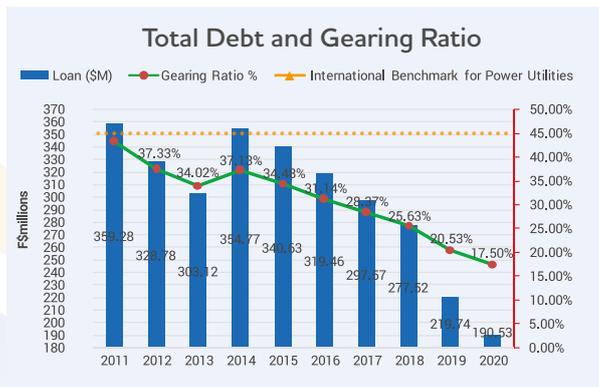
EFL adopted the following strategies to sustain the impact of the Covid-19 pandemic on the operations of EFL:

- First and foremost, EFL adopted the strategy to safeguard the health and wellbeing of all its employees, their families, EFL customers including the properties.
- Implemented the mandatory protocol of social distancing in the workplace, daily temperature monitoring of all staffs/customers and hand sanitizing became mandatory. EFL installed sanitizing equipment at all EFL locations Fiji wide together with handheld thermometer guns to monitor employees/customers temperature on daily basis.
- Prepared a Covid-19 2020 revised EFL budget showing the impact of the 20% decrease in demand/sales of electricity from April to September 2020 and, this decline in demand/sales in electricity improving by 10% from Oct-Dec 2020. The plan had an option that if the 20% decline in sales of electricity had worsened, then EFL was to implement a pay cut across the Board. The Covid-19 revised budget also included reprioritization of EFL's capital expenditure programme, stalling of employee recruitments, freezing of overtime unless approved by CEO, local travels were put on hold and other cost control measures were implemented at different levels.
- The Company continued to monitor and assess its business operations daily, and implemented other remedial actions appropriately.
- Otherwise, despite the Covid-19 pandemic the challenge for EFL was to try and operate its business as normal as possible.
- EFL has maintained unprecedented financial results over the last six years. In 2020 it recorded an after-tax profit of \$66.79M. This profit was achieved mainly due to:
 - ▶ EFL restoring power supply to bulk of its commercial and industrial customers soon after cyclones;
 - ▶ The prudent management of EFL's operations throughout the year paved the way to another historical performance which was important given that EFL was still undergoing a divestment exercise to sell the remaining 24% shares;
 - ▶ An integral part of this year's success can be attributed to the prudent management of the Monasavu and Nadarivatu Hydro-Electric Schemes, which have continued to supply clean and reliable energy to power the lives of the Fijian people. Above-average rainfall in Viti Levu during the rainy season led to a record performance from the Monasavu Hydro Scheme. Monasavu Hydro Scheme produced some 451GWh of energy in 2020 while Nadarivatu produced 80GWh of energy in 2020 respectively; and
 - ▶ Cost control measures that had to be implemented by Management to mitigate the un-budgeted expenditures incurred in 2020 as a result of four (4) cyclones and the unforeseen Covid-19 pandemic.

Typically, we can expect around 400 million units of electricity generation a year from the Monasavu Hydro Scheme. Above-average rainfall received during April, May and December 2020 resulted in the dam spilling for the periods of 6th May to 17th May and 21st- 31st December 2020. By the end of the year, water level stood at 745.28 meters above sea level. Water level at the dam depends on water usage for power generation and the amount of rainfall received at the dam. The weather was on our side in 2020, making it an extremely positive year for the dam and the energy systems it supports. In 2020, the Monasavu Hydro Scheme generated 451 million units of electricity as compared to 400 million units which is the long term average annual output.



For the Nadarivatu Hydro-Electric Scheme, annual long-term energy output should be around 100 million units. In 2020 the station generated some 80 million units compared to 83 million units in 2019. The low generation was due to the non-availability of one generating set as from 14 February 20 to 18 June 20 as the generator circuit breaker became faulty and required total replacement. Due to Covid-19 global impact on the supply chain, it took a few months to purchase a new one and thereafter replace this faulty circuit breaker with the new one which had to be imported.



Energy Fiji Limited is now governed by the Companies Act and no longer the Public Enterprises Act. In this regard, EFL needs to maintain the present profitability levels or even do better. Ultimately, the Company has had its returns regulated by FCCC and it should strive to manage costs where possible in order to achieve these returns. Work is in progress on the sale of the remaining 24% equity in EFL as phase two of the divestment process. The ultimate plan is to list the company on the South Pacific Stock Exchange which is anticipated in 2021/2022.

OUR GROWTH BY THE NUMBERS

EFL is a vertically integrated electricity Company in Fiji with strategically located operations and strong network coverage including a market leading renewable energy portfolio in the Pacific. It has stable business profile

with consistent cash flows. It has established management team and significant experience in the business. Further, EFL has strong governance standards including comprehensive risk management framework. It has the ability to leverage low cost renewable energy sources presently to generate profits for the company and furthermore there are opportunities for development of such renewable energy sources in the coming years.

EFL’s balance sheet remains in a strong position as at end of December 2020, owing to our consistent profitable performance over the past six years. Our gearing ratio, as measured by debt to debt plus capital plus reserves, excluding cash in hand, stood at 17.50% as of 31 December 2020. This is down from 20.53% at the end of 2019, with both years well within the industry standard of maximum 45%.

Our low gearing level in 2020 is owed primarily to the profits we recorded in 2020 that resulted in an increase to the shareholder value and the reduction in our debt level by \$29.21M compared to 2019. Our low gearing level will grant EFL the flexibility to take out future loans, where necessary, to fund the implementation of its long-term Power Development Plan. EFL has never defaulted on its loan repayments in the past and shows that the Company is financially strong and sustainable.

At EFL, we look to shareholder value, asset value and the total amount of our loans and bonds as the key benchmarks to assess our performance. EFL’s shareholder value stood at \$898M at the end of 2020, up from \$851M at the end of 2019. EFL’s total asset value rose to \$1.45B by the end of 2020, up from around \$1.41B in 2019 despite the adverse impact of the Covid-19 pandemic and showed how resilient is the company. Finally, our total loans and bonds amounted to \$190.53M at the end of 2020, down by \$29.21M from the previous year.

The EFL Management continued with the proactive measure to reduce the risks of rising international fuel prices and the volatility of currency exchange market via weekly Risk Management Committee (RMC) meetings and thereafter taking appropriate actions as and when required. Much like other sectors in the Fijian economy, EFL has long been left exposed to variability in the movements of industrial diesel oil and heavy fuel oil prices, which are determined by the Brent crude oil global market prices and US Dollar exchange rate.

EFL's fuel hedging team, together with a professional hedging consultant, now constantly and carefully monitor fuel prices and foreign exchange rates on a daily basis, and take appropriate action. As fuel is consistently our largest cost, volatility in the markets can carry serious consequences, and EFL's new proactive approach marks an important step in reducing that risk to our business and introducing a new level of stability and certainty.

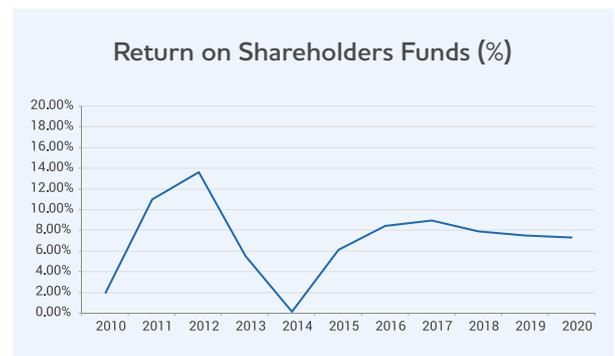
The objectives of the hedging programme are as follows:

- i. Protect the company from rising oil prices during the period as EFL's fuel hedging framework is designed to provide 70% protection when oil prices are rising.
- ii. Ability to participate in downside oil price movement since EFL's hedging framework is designed to allow for around 65% downside participation when oil prices are falling. This has been incorporated as part of the lower fuel cost recorded for 2020.
- iii. Substantially reduce its fuel cost volatility and provide stability to EFL's earnings.

The actual fuel cost for the year 2020 was \$94.1M against budget of \$95.3M. Further, the fuel price as at December 2019 was around \$68/b and this crashed to around \$16/b in 2020 which is a reduction of around 77% whereas our actual fuel cost as compared to budget for 2020 moved by a mere 1.2% in favour of EFL. This shows the effectiveness of the Risk Management Committee in using hedging instruments that protect the fuel budget and EFL's profitability through diligent and carefully analyzed weekly implemented hedging strategy.

RETURN ON CAPITAL

Due to the partial divestment of EFL, whereby 49% of the shares held by the Government will be divested, it is important for EFL to practise and adopt a commercial culture and financial discipline of rewarding shareholders. This is also a fiduciary duty of the Directors. In 2020, a foreign Investor together with their strategic business partner carried out a comprehensive and exhaustive due diligence of EFL's business with the intention of acquiring shares in EFL as part of the Government's partial divestment exercise of EFL. The due diligence covered the technical, legal, finance and operations of EFL. The due diligence work progressed thoroughly throughout the year. The Shareholding structure of EFL will change if the foreign investors do ultimately buy shares in EFL in early 2021.



NEW REGULATORY FRAMEWORK/TARIFF METHODOLOGY

The FCCC approved a new Regulatory Framework or Tariff Methodology for the determination of the electricity tariff. This came into effect from October 2019. EFL's retail tariffs are set through a defined Regulated Asset Base (RAB) model with regulated rate of return approved by the FCCC. As part of the implementation of this tariff methodology, EFL received a 2.74% tariff increase, which is to also fund the capex plan component of the RAB. The methodology is regarded as a global standard in the regulation of electrical utilities, and will provide an appropriate return on EFL's asset base.

Under the new tariff methodology, if EFL underspent its capex against the RAB, then this could possibly result in a downward adjustment in the tariff rate at the next electricity tariff review due in 2023 if proper justification is not provided by EFL. It is mandatory that EFL must continuously monitor its capex spending that was initially approved by FCCC resulting in the electricity tariff increase of 2.74%. Further, EFL must ensure that it spends according to the capex set out as per the RAB Model as well as the opex set out as part of the allowable revenue of the tariff methodology.

CAPITAL EXPENDITURES AND FUNDING

EFL spent a total of \$47.93M on capital expenditure in 2020, down from \$78.16M in 2019. The Covid-19 pandemic impacted EFL's business which restricted EFL from continuing to carry our major Capital Expenditure (CAPEX) in 2020. The EFL Board set a capex budget of \$93.86M for 2020. Against this budget, EFL only spent a total of \$47.93M and the underspending was largely due to the travel restrictions and lockdowns in Fiji as well as other countries.

EFL is now required to strictly monitor its spending towards capital expenditure and this must be aligned to the new regulatory framework approved by the FCCC. The tariff framework is based on the Regulated Asset Base (RAB) model which is widely used by many utilities overseas in determining and regulating electricity tariff.

The \$47.93 million spent on capital expenditure in 2020 include: the transformer upgrade at Suva, Sigatoka, Cunningham, Vuda, Wailekutu & Rarawai Substations, 33kV Sub-transmission network upgrade at Naikabula and Denarau, the purchase of vehicles, the improvement of power system protection infrastructures, projects for rural electrification, power-system reinforcement projects, rust refurbishment of transmission towers, replacement of transmission towers damaged during TC Winston, construction of access roads along Wailoa-Cunningham road, purchase of new meters and the implementation of the Monasavu half-life refurbishment programme and the upgrade of various ageing electricity assets.

The \$47.93M capital expenditure spent in 2020 were funded entirely from EFL's internal cash flows. EFL did not draw any further funds from the approved syndicate banking facility to fund the new 132kV network development from Koronubu to Virara in Ba.

Despite the low capital expenditure incurred in 2020, EFL's rising profits have led to significant progress in reducing debt levels, with our total debt portfolio falling from nearly \$219.74 million in 2019 to \$190.53 million in 2020. EFL has paid all mandatory loan repayments throughout the year together with the early redemption of three high interest Bonds. This was executed despite the tight financial market experienced in 2020 due to the Covid-19 pandemic.

EFL early redeemed three high interest bonds in December 2020 aggregating to \$8M that were expiring in 2023. \$2.7M was for LIC Bond at a coupon rate of 7.19% per annum. The other was with FNPF at a coupon rate of 7.19% per annum. Both were early redeemed on 22nd December 2020. There is no more Bond on the EFL Balance Sheet as at 31st December 2020. These bonds were the only borrowings secured via Government Guarantee in 2020.

Throughout 2020, we maintained an average cost of borrowing of around 5.06% per annum, along with a steady interest rate on EFL's credit facility despite the tightening of the financial market in 2020.

PRODUCTION OF ELECTRICITY

Amongst the Pacific Island countries, Fiji is blessed with natural resources that give us access to renewable energy potential. We have a mountainous terrain, and powerful rivers that flow from the highlands to the sea suitable for the development of Hydro Electric Power.

EFL, in its portfolio of power generation facilities, has a number of Hydro Power plants ranging from 1MW to 72MW. These Hydro Power Plants have been developed over the last forty years and they play a crucial role in the successful operations of EFL on a daily basis. Not only do they replace expensive diesel generation but contribute to a reduction in our carbon footprint annually. Finally they also contribute to one of the lowest electricity tariffs in the South Pacific.



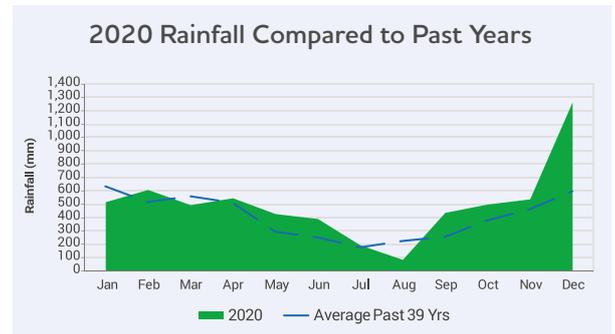
Nadarivatu Hydro Weir after a good rainfall received in the central Viti Levu.

POWER GENERATION MIX

Through our diversified renewable energy portfolio, EFL is walking the talk when it comes to climate mitigation. We're setting an example to the world in renewable energy production, showing how a small island nation can produce its power in a sustainable manner that protects our environment and drives our economic growth.

In 2020, we produced over half (57.18%) of our energy requirements from hydro-power, 0.12% from wind power, and 6.87% from Independent Power Producers (IPPs), namely Tropik Wood Industries Limited, Fiji Sugar Corporation and Nabou Green Energy Limited. In 2019, we produced 52.74% of our energy requirements from hydro-power, 0.25% from wind power, and 4.60% from Independent Power Producers (IPPs).

In total, EFL's renewable power stations generated 559.31 million units of electricity (57.29%), thermal power stations generated 349.93 million units (35.84%) and Independent Power Producers (IPPs) generated 67.09 million units (6.87%) of electricity.



HYDRO GENERATION

• Wailoa Power Station

Typically, we expect around 400 million units of electricity generation annually from the Wailoa Hydro Power Station as part of the Monasavu Hydro Scheme. In 2020, the station generated 451.61 million units as compared to 454 million units in 2019.

• Nadarivatu Hydro-power Station

The annual long-term average output of Nadarivatu Hydro Scheme is 100 million units. In 2020, the station generated around 80.63 million units, as compared to 83 million units in 2019. The low generation was due to the non-availability of one gen-set due to a faulty circuit breaker as from 14 February 20 to 18 June 20.

• Wainikasou Hydro-power Station

The annual long-term average output from Wainikasou Hydro Scheme is 22 million units. In 2020, the station generated some 23 million units, compared to 18.23 million units in 2019. This is due to good rainfall received at the Wainisavulevu dam area.

• Nagado Hydro-power Station

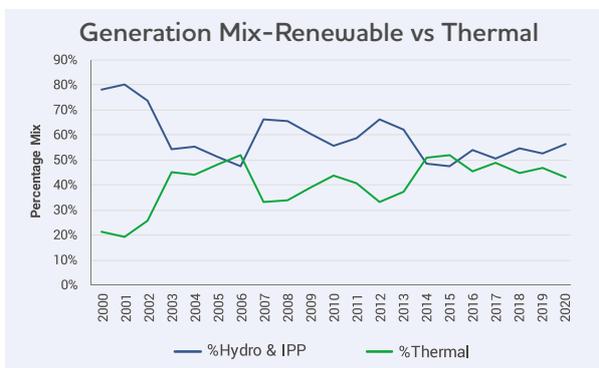
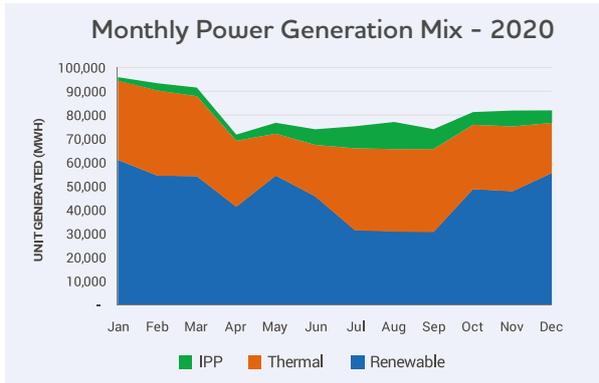
The annual long-term average output for Nagado Hydro Power Station is 12 million units. The station has been shut down since July 2016 after generating 3.3 million units of electricity that year. It generated no power in 2020. The shutdown was due to low water pressure in the pipeline from the Vaturu dam to the Nagado power station. EFL is working closely with Water Authority of Fiji to replace the damaged Polyjet valves, the new SCADA system and restore the power station. This is expected in 2021.

• Taveuni Hydro-power Station

The average output from the Taveuni Hydro-power Station is around 2 million units per annum. The Taveuni Hydro has performed admirably by consistently producing above the average generation of 2 million units per annum since it was commissioned in 2017. The Hydro Plant generated 2.5 million units in 2020 and was used to supply bulk of the load in Taveuni.

• Monasavu Dam Level

At the beginning of 2020, the dam level at Monasavu sat at around 737.73 metres above mean sea level, 22.73 metres above the minimum safe operating level of 715 meters. Above-average rainfall received during April 2020, May 2020 and 21st -31st December 2020 resulted in the dam spilling for the periods of 6th May to 17th May and 21st -31st December 2020. By the end of the year, water level stood at 745.28 meters above sea level. Water level at the dam depends on water usage for power generation and the amount of rainfall received at the dam. The weather was on our side in 2020, making it an extremely positive year for the dam and the energy system it supports.



BUTONI WIND FARM

The Butoni wind farm generated 1.136 million units of electricity in 2020, saving around \$0.33M in fuel costs for EFL. The low generation recorded in 2020 was due to the damage sustained to the wind turbines caused by Tropical Cyclone Harold in April 2020.

Since its opening in June of 2007, the Butoni wind farm has harnessed the power of the wind to generate 55.88 million units of energy, sparing us from burning 12,304 tonnes of diesel fuel, equal to 37,998 tonnes of harmful carbon emissions.

THERMAL GENERATION

Our thermal power stations continue to play an absolutely critical role as part of our energy mix, generating over 35.84% of our energy requirements in 2020. Kinoya, Vuda, Ovalau and Labasa have generated 349.93 million units in 2020 as compared to 449.62 million units in 2019. The drop in demand is due to the impact of Covid-19 pandemic to the Viti Levu Interconnected System (VLIS).

POWER GENERATION MIX

2020's power-generation mix was 57.30% hydro, 35.84% industrial diesel oil and heavy fuel oil and 0.12% wind. The remaining 6.87% was provided by the Independent Power Producers (IPPs), namely Tropik Wood Industries Limited (TWIL), Fiji Sugar Corporation (FSC) and Nabou Green Energy Ltd.



A snapshot of a potential Hydro Scheme in Central Viti Levu.

Reliable Power: A Comfort to Families and a Cornerstone for Development

Access to reliable electric power supply is recognized as a key pillar for national development -- particularly for Fiji, as our nation positions itself as a hub of economic activity for the South Pacific. But at the end of the day, it's about more than economic development; reliable power is a comfort to thousands of Fijian families, and a potentially lifesaving resource in times of crisis.

At EFL, we're constantly exploring new strategies to improve the reliability and security of our power supply. That is significant and a steady investment is required to boost resilience across the entire national grid out of recognition of the worsening impacts of climate change.

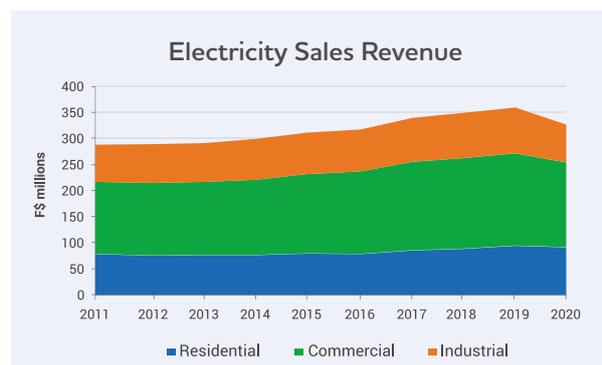
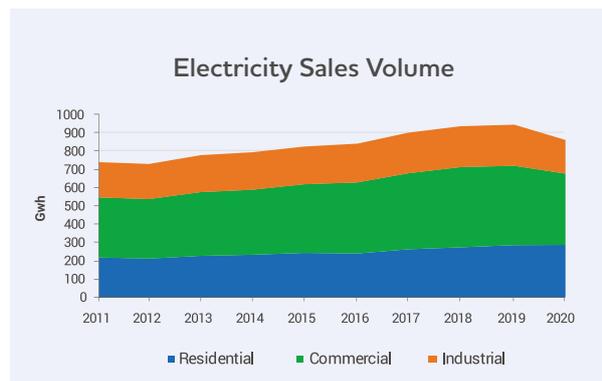
During 2020, EFL achieved a System Average Interruption Frequency Index (SAIFI) of 6.01 times, whereas our target is to be below 7 times for the year. Furthermore, we achieved a System Average Interruption Duration Index (SAIDI) for controllable power outages of 255 minutes, whereas our target was to be below 350 minutes for the year.

EFL also continuously investigated faults on its network, as identified, and made recommendations for improvement. Immediate actions were taken by the relevant taskforce within EFL to rectify these issues and improve general power supply reliability.

Power supply interruptions are largely dependent on severe weather events and other external disruptions. The leading causes of power interruption in 2020 were major maintenance and extension works, heavy rain, lightning storms, motor vehicle accidents that damaged power poles, faults on power line hardware, overgrown vegetation clashing with power lines, third-party damage to EFL underground cables, bush fires and vandalism of EFL assets. Despite these external challenges, EFL achieved high reliability, in part, because of our commitment to develop climate-resilient infrastructure and our rapid and regular maintenance of the national power grid.

An electrical protection settings review of the electrical protection relays installed in the Viti Levu Interconnected Power System was also undertaken, after the last protection settings review in 2016. Such protection settings reviews are undertaken to confirm that for system faults, protection relays with their existing settings operate as expected. System changes, such as transmission network extension, addition of generation and upgrading or replacement of power transformers affect the electrical protection system performance, therefore such reviews are crucial in ensuring acceptable performance of both existing and new protection systems.

The recommendations from the protection settings review will be gradually implemented, with execution of various grid projects.



In addition to the periodic protection settings review, EFL electrical protection relays was upgraded with more modern and reliable numerical protection relays which replaced the old electro mechanical and static protection relays. This critical work will continue into next year to ensure that the electricity grid is properly equipped to serve a growing population with growing demand for reliable energy.

The Fijian economy is rapidly evolving and EFL is keeping pace with the evolution towards a digitalized economy. We've continued investment to reinforce the power system to ensure greater reliability and security of Fiji's power supply, in line with international benchmarks for power utilities of similar size and orientation.

Allowing aging assets to operate without upgrading and repair creates unacceptably high costs over the long term, especially given that some of our power distribution systems have been in service for more than 50 years especially in the Suva city and nearby suburbs. We're pro-actively carrying out upgrade and repair works across the national grid to ensure our assets are fully capable of servicing energy demands and are protected against catastrophic failures. We're carrying out live-line maintenance of power lines at all voltage levels, managing growing vegetation, and deploying appropriate technology to detect and repair defects and restore power in extreme instances. We also wholly replace assets, where necessary, in order to ensure that our grid has the capacity to consistently meet the nation's energy needs.

As part of implementation of the long-term power development plan, EFL commenced work for the establishment of two new zone substations at Naikabula, Lautoka and Denarau, Nadi in 2019. Work has progressed in 2020 with equipment procurement and construction of 33kV/11kV zone substations at Naikabula, Lautoka and Denarau, Nadi. The major equipment for Naikabula 33kV/11kV substation, including two 33kV/11kV power transformers and 11kV and 33kV switchgear was successfully factory tested and delivered to site. Civil construction works have progressed at both sites.

Work on extension of the 33kV sub-transmission network and establishment of a new 33kV/11kV zone substation at Waitolu, Naitasiri commenced in 2020 with design being finalized and approvals being sought from the regulatory and government agencies. The power supply infrastructure will be developed to meet the power requirements of Water Authority of Fiji's new raw water intake and pumping station in Viria, Naitasiri.

Further, the establishment of a new 132kV Transmission Network from Virarara in Ba to Koronubu, Ba at a cost of around \$75M to cater for the increasing demand of electricity in the North West of Viti Levu is progressing according to plan. This project when commissioned will support Government's Tax Free Zone initiative for commercial development between the corridor from Korovou to Ba. The project is expected to be completed in 2022 if the borders open in 2021.

LAND ACQUISITION FOR RENEWABLE ENERGY PROJECTS

With extensive stakeholder consultations having been conducted and associated land valuation works carried in 2017 and 2018, EFL's Land Affairs Unit basically focused on assessing and negotiating offers offered by iTLTB and individual owners for the purchase and leasing of respective sites, ensuring that the successful implementation of the SBA's Action Plans, and accordingly the achievement of its KPIs.

1. Qaliwana and Upper Wailoa Diversion Hydro Development Scheme

Pre-feasibility study site visits of the proposed dam and weir sites with Studio Pietrangeli, the Italian Consultant hired by the European Investment Bank (EIB) were conducted in late March-early April, 2019. Feasibility study was in progress in 2020 and which should culminate with the drafting of a preparatory Feasibility Report in 2021. Meanwhile, an Inception workshop of the Terms of Reference of their contract was conducted by Studio Pietrangeli in May, which was attended by invited parties, EU reps, Department of Energy and EFL.

2. Lower Ba Hydro Development Scheme

EFL is liaising with EIB to carry out feasibility studies for the Lower Ba Hydro Development Scheme as well on completion of the feasibility study.

3. Namosi Hydro Scheme

EFL settled lease offers from iTLTB for the three project sites namely, Waivaka, Wainikoroiluva and Wainikovu for \$1.7M. These three hydro projects will deliver a combined total power capacity output of 32MW and an energy output of 120GWh. EFL is still working on the methodology or model it will adopt for the development of these three hydro schemes in Namosi.

4. Development of 132kV Transmission Network from Virara Settlement to Rarawai, Ba

The Fijian Government has declared the areas between Korovou to Ba in Viti Levu as tax free zone with a certain level of investment.

Keeping the above in mind, Energy Fiji Limited (EFL) is developing its high voltage transmission network for sufficient and consistent power supply to the north-western region of Viti Levu by constructing:

- a 30 km, 132kV transmission line from Virara, Ba to Koronubu, Ba;
- 132kV switching station at Virara, Ba; and
- 132/33kV substation at Koronubu, Ba

The route of the transmission line was selected in 2014. Typically, the land is low lying and almost flat for the first 12 km route from Koronubu. Steel pole structures have been considered for this section of the line. The land is generally used for sugar cane farming.

Approximately 6 km of the route lies along the Fiji Sugar Corporation tram line. The remaining 18 km of the country is hilly. This section of the land is generally used for grazing and pine plantation. Steel lattice towers are being considered for this section of the line.

Survey and pegging of all proposed monopole and lattice tower sites along with Virara 132kV switching station site and Koronubu 132/33kV sub-station site have been completed by EFL. EFL has almost completed the acquisition of the proposed sites for the transmission line and further has acquired the sites for the substation and switching station. The EPC tenders for the construction of the transmission line, substation and switching station have been awarded and construction will hopefully commence in 2021 subject to the lifting of the COVID-19 restrictions worldwide. This Project will cost around \$75M and will be funded using EFL's newly established syndicate banking credit facility.

5. Qeleloa 5MW Solar Farm

EFL will enter into an IPP agreement with Sunergise Fiji Limited for the development of a 5MW Qeleloa Solar farm. This project, to supply clean and sustainable energy to the Viti Levu grid is worthwhile as energy demand is increasing yearly.

6. Development of 1MW Solar PV Farm at Mua, Taveuni.

The Korean International Cooperation Agency (KOICA) has signed a Memorandum of Understanding (MoU) with the Government of Fiji (Ministry of Economy) to procure, install and commission a 1MW Solar PV plant in Mua, Taveuni with some battery storage. This will add to the Island's existing renewable energy portfolio and help to meet future energy demand. The Ministry of Economy on behalf of the Government of the Republic of Fiji has committed EFL to this MoU as the implementing agency. As such, EFL will take the necessary measures for the successful implementation of the Project. The project is in tender stage, and the operation of the solar farm is expected by first quarter of 2022 depending on the lifting of the Covid-19 restrictions on travel globally.



The Country Director of KOICA, Fiji and Pacific Office, Jihi Kim and EFL CEO signing the MOU at the EFL Head Office in Suva for the establishment of the 1MW Solar PV Plant in Mua, Taveuni.

Additional tasks undertaken by the Landowners' Affairs Unit were as follows:

- (i) Pegging and wayleave clearances for all rural electrification schemes for 2020.
- (ii) Clearances for individual commercial and industrial applicants for power supply upgrade within Suva City.
- (iii) Securing approvals for major grid extensions in the Central, Western and Northern regions.

Energising a Record Number of Fijians

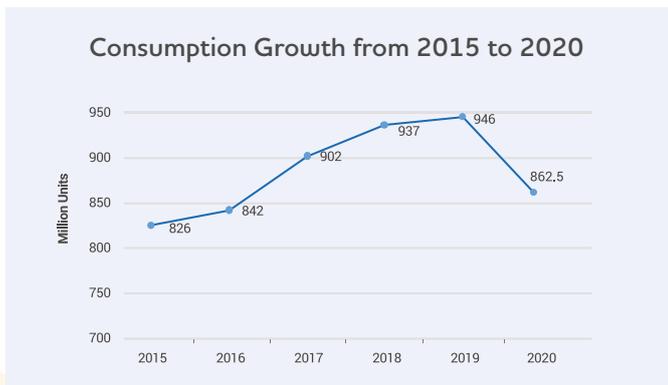
Some seventy (70) Rural Electrification (RE) schemes were constructed in 2020 to connect new customers. These RE schemes were totally funded by the Fijian Government as part of its plan to energise the Nation and provide access to electricity for all Fiji citizens.

As a result of the commissioning of the above RE schemes, in 2020 our total number of customers rose by 3.3% to 205,580 – up significantly from the 199,020 customers in 2019.

This record-breaking customer base is made up of 44,427 prepay customers and 161,153 postpay customers, compared to 37,517 prepay and 161,503 post-pay customers in 2019. This isn't some one-off phenomenon, either; the table to the left depicts the growing trend of EFL's customer base for the past six years.

In 2020, we had 105 large-scale industrial customers, 19,786 commercial customers and 185,689 domestic customers (including private residences, places of worship, other institutions and street lights). The increase in customer numbers was mainly attributed to customer growth in the domestic and commercial sectors.

Years	Prepaid	Postpaid	Consumer Count	Increase In Consumer Base	% Growth
2015	23,548	148,391	171,939	4,922	2.95%
2016	24,601	149,929	174,530	2,591	1.51%
2017	26,387	156,026	182,413	7,883	4.52%
2018	28,517	161,887	190,404	7,991	4.38%
2019	37,517	161,503	199,020	8,616	4.53%
2020	44,427	161,153	205,580	6,560	3.30%



The effect of Covid-19 is evident as our growing customer base was not justified by the drop in national demand for energy; 2020 saw a 8.78% decrease in demand, contracting from 945.5 million units in 2019 to 862.5 million units in 2020. This is a one-off decline and some level of recovery is expected in 2021.

This represented a 0.71% increase in domestic demand, a 10.23% decrease in commercial demand as a result of the slowdown in the global economy due to the Covid-19 pandemic which also impacted Fiji and a 18.09% decrease in industrial demand.

SPREADING THE BENEFITS OF ELECTRICITY TO LOW-INCOME FIJIAN FAMILIES

The Fijian Government and Energy Fiji Limited had committed itself to assisting low-income households with their monthly electricity bills for the first one hundred units (100 units) of consumption whereby the Government pays 48% and EFL subsidises for the remaining 52% as from 1st of April 2020 till 31st March 2021 as a result of the adverse financial impact of Covid-19 on many Fiji citizens. All domestic customers with a combined family income of \$30,000 per annum qualify for this subsidy. This allows residential customers to save 100% on the first 100 units of electricity usage per month at a rate of 34.01 cents per unit VAT exclusive price (VEP), resulting in a cost to customers of only paying the VAT portion on their first 100 units of electricity usage.

For primary and secondary schools, a step-up subsidy is in place, where the first 200 units consumed in a month are subsidized at a rate of 12.85 cents per unit (VEP), resulting in a total cost of only 21.16 cents per unit (VEP). Units beyond 200 are charged the full institutional tariff of 34.01 cents per unit (VEP) effective from 1st October 2019. A total of 795 schools benefited from this subsidy in 2020.

A newly-restructured subsidy scheme was introduced in August 2017 and has since been aggressively publicised to eligible families, including during the company's free share offering. This campaign resulted in a huge increase of 8,789 subsidized customers in 2020, meaning an impressive 41,135 Fijian households now have access to highly-affordable electricity.

DEMAND-SIDE MANAGEMENT

To ensure that our customers are billed fairly and correctly, it is critical that EFL's electricity meters are functioning accurately; that's why we're undergoing an ambitious meter recalibration project. This initiative is targeted at Fiji's larger energy commercial and industrial consumers and is carried out in batches of 150 customers each year.

We are also regularly scanning prepay customers' meters and pro-actively recommending corrective measures when and where appropriate. In addition, to helping customers become more responsible and efficient in their use of energy, technical advice and billing data are made available.

EFL's reactive energy policy was strictly enforced in 2020, with penalties imposed on those customers who used excessive reactive energy, failing to comply with the power factor requirements as stipulated under the Electricity Act. Year-over-year excessive reactive power usage by customers decreased by 19.73% in 2020 as compared to 2019.

ELECTRICITY TARIFF METHODOLOGY

On 1st October 2019, the FCCC approved the new regulatory framework for the energy industry which includes the methodology for determining the electricity tariff. Some of the features of the new tariff methodology are outlined below:

- The tariff methodology will be based on the Regulated Asset Base (RAB) model which allows EFL to generate a fair return on its investment in the power sector.
- The tariff methodology is also driven by the allowable revenue concept whereby EFL is allowed to recover cost prudently and earn a fair return.
- The tariff will be reviewed every 4 years under the regulatory cycle. The next review will be held at the end of 2023.
- Annual review of cost indices to account for uncontrollable expenditures:
- Ad-hoc review of the tariff to account for extra ordinary events such as natural disasters.

The above regulatory framework provides EFL and other key stakeholders greater degree of certainty and transparency with the tariff setting methodology.

CONSUMER SECURITY DEPOSIT

Based on changes in our customers' consumption patterns, a review of their consumer security deposits are carried out periodically to ensure that sufficient deposits are held as security by EFL. Customers currently have the option to either pay their consumer security deposit in cash or provide a bank guarantee to EFL.

CUSTOMER ENGAGEMENT IN A DIGITAL ECONOMY

With the increase in customer demand to have electricity at homes and commercial premises, EFL has not lost focus on improving customer experience through Digital Transformation. It is also boosting productivity, exposing EFL to new innovative ideas, technologies, new business models and creating new channels of market and communication convenience to suit customers' needs. For EFL's valued customers, the benefits are associated with more access to the services at any time of the day and from the comfort of their homes, offices or wherever they may be.

In light of Digital Transformation, EFL has introduced e-forms to all its customer care centres which capture customer's details, signatures and any documents in PDF formats. This has saved time in serving the customers and also limits excessive paper-work for our Customer Services Representatives (CSR).

As for quick and fast awareness, EFL continues to exploit SMS texting platform to reach its customers for awareness on planned, unplanned power outages, bill reminders, no meter access reminders and any other awareness created for EFL's customers.

In addition to this, EFL has also activated a Facebook page for the convenience of its customers to communicate directly with EFL.

EFL continues to explore the benefits of EFL customers mobile users in Fiji and now has introduced a new technology called "Bill On Demand" where customers can dial *1333# and go through the process to get bill balance and the due date. This is extremely convenient to customers and will also assist to reduce call volume from customers wishing to know their bill balance and due date.

While EFL Portal is live on EFL official website, "Noqu EFL Portal" App is now on google play store where customers can download, register their existing accounts and gain access to their bill invoice for the last 3 months. Customers are also exposed to multiple accounts that they own on the same access.

EFL has also introduced On-line Web-chat for communication convenience to suit customers' needs. Live chat assures our customers that we are here when they need us. This is very simple yet very efficient and effective. An added value for improving both customer service and loyalty.

INFORMATION TECHNOLOGY

In 2020, EFL continued its push towards digital transformation, with the view of improving its systems and processes to suit the customers' ever growing demands for e-services.

To cater for the increase in e-service demands, EFL invested in upgrading its backbone data connectivity to 10 Gbps between the major EFL locations in Viti Levu.

EFL Customer Service Agents' desks were equipped with scanners to digitize all customer supporting documents which are now stored in digital format on the customer database. The customer desks also have digital signature pads to capture and store customer signatures electronically for customer applications and agreements.

The completion of the development of the "Noqu EFL" mobile app will enable EFL post pay customers to access their account information in real-time on their smart phones. The "Noqu EFL" app can be downloaded from either the Play Store (for Android Users) or the App Store (for iOS users). Customers can view their account information, balance, due dates, view and download their monthly statements, raise & view the status of their queries. Customers moving from one property to another can submit their details in advance via the app so EFL can make the transition of moving to the new location as smooth as possible. Customers will also be able to access online anytime/anywhere and it will reduce the need for customers to call or visit the EFL office.

Our other key online platforms, the EFL website and Facebook page, have also been continuously updated with latest updates and events for our customers and stakeholders. The online Live Chat facility on the EFL webpage and the Facebook Messenger have proven to be popular platforms for customer engagement and there have been notable increases in the number of queries received through these platforms.

The EFL IT team has been exploring the use of Artificial Intelligence (AI) and Chabot's to automate the most frequent and generic customer queries such as account balance and power outage information to be answered automatically without the need for any human intervention. This is something that customers can look forward to in 2021.

The team is also exploring other apps to automate current manual process such as meter readings, reconnections and applications just to name a few.

With the increase in online services, we also need to ensure high availability of systems as well as ensuring that all information systems are safe and secure. EFL achieved a high systems availability of 99.956% for 2020. Continuous upgrades and improvements were also carried out to strengthen the security and integrity of the EFL IT systems and network from the ever increasing external and internal threats and vulnerabilities of Cyber-attacks.

CUSTOMER CARE CENTRES

Knowing and understanding customer needs are at the centre of every successful business. Once you have this knowledge you can use it to improve your customer satisfaction level and customer retention. There are a total of nine (9) Customer Care Centres across Fiji currently.

Bill Payment via EFTPOS is an additional service at all EFL remote stations to help customers pay their bill. Customers still have the option to make payments via cash, cheque or EFTPOS through Carpenters Max-Valu agents or any other agents with EFL. EFL has also signed a partnership Agreement with Water Authority of Fiji where the two organizations would operate from the same office.

Our Customer Services office will greatly benefit all EFL customers and also the Electrical Contractors who can now lodge their permit for new applications, broken service mains or meter upgrades etc. at the office at the various locations without delay.

A total of 262,772 customer visits were made to our Customer Care Centres in Central, Western and Northern divisions. This is an increase by 26% from 2019.

Customer Visits 2020

Central	90,929
West	124,855
North	46,988
Total	262,772

CUSTOMER SATISFACTION SURVEY

To ascertain the present level of customer satisfaction with regards to EFL's customer services, EFL conducts a customer satisfaction survey every year to gauge how EFL customers rate our services and their views are important to EFL to improve our services and bring it to another level. Survey forms are normally included in the December bills as bill inserts and also available at all Customer Care Centres and On-line-facility. As an appreciation of customer commitment to answer these six (6) questions, customers also have a chance to go into the draw to win cash prizes. 1st prize is \$1,000, 2nd prize is \$500 and 3rd prize is \$250. Consolations prizes are also given to customers and these includes EFL T/shirts and EFL Caps. Winners will be randomly picked out of the boxes. In 2020, our target to improve customer satisfaction ratings was 91% for residential customers and 94% for commercial and industrial customers.

CONTACT CENTRE

2020 was another exciting and challenging year for the EFL Contact Centre. Over the years, we have experienced adverse weather conditions and an active cyclone season which resulted in unplanned power outages. With offices in Suva and Vuda open 24 hours a day, seven days a week, EFL's contact centres were available to help Fijians with their electricity needs throughout, simply by dialing "132-333" or through the EFL short code, "5333". Over the course of the year, our contact centre daily managed flows of information from hundreds of thousands of customers ranging a diverse field of topics, including questions about free EFL shares, Walesi, the revised 2017 electricity subsidy, review of consumer security deposits, disconnection and reconnection of electricity accounts, prepay customer issues, e-billing facilities, new connections, the "Noqu EFL" portal, and planned and unplanned power outages. In total, we received 518,281 calls during the year, or an average of 43,120 calls each month.

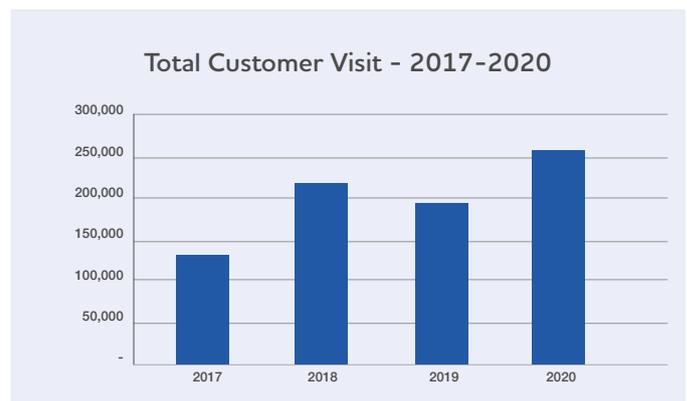


EFL has also introduced two new features in the Contact Centre where as soon as there is a major unplanned power outage, an announcement concerning this outage will be activated on the main incoming lines 132333 and 5333. A call back message facility has also been introduced for customers that cannot wait in the Queue. Customers will leave their name and contact details and a CSR will call them back.

Customer Calls 2017 - 2020

Contact Centre Activity	2017	2018	2019	2020
Total Calls Received	459,815	539,913	515,814	518,281
Grade of Service (GoS)	91.4%	86.0%	84.2%	80.90%
Abandoned Rate	4.3%	6.2%	6.5%	5.9%

When it comes to customer service, EFL's measure of success is based on timeliness; for that call volume, our benchmark is that 80% of total calls to be answered within 20 seconds. Even with 2020's sizable increase in calls, our Grade of Service (GoS) for 2020 was 80.9% of the total calls answered within the 20 second mark, with only 5.9% of calls being abandoned. 2020 was a challenging year for EFL as we managed customer calls related to the Covid-19 pandemic as well as the disruptions caused by the four cyclones.



FINANCIAL FLEXIBILITY THROUGH DIGITALISED ECONOMY

Fijians living in most rural communities often don't have access to the same payment methods that too many of us take for granted in the cities and towns; for them, the ability to post-pay their monthly bills may be difficult or impossible occasionally. Meanwhile, these customers still deserve the same access to electricity that is enjoyed by the rest of the country. That's why EFL is constantly seeking financially innovative solutions that ensure all Fijians are able to keep the lights on. Our prepay system is one such solution, granting rural customers the freedom to pay for their electricity when it is needed simply by visiting their local vendor to pay for tokens and then inserting the tokens in their EFL-installed prepay metres, or, alternatively, paying using their mobile phones. We were proud to serve a total of 44,427 rural customers on prepay meters in 2020 -- 6,910 more than the year 2019. This increase in number came about because of a new project initiated where certain rural areas with Post pay meters were changed to prepay meters.

Customers purchase digital electricity tokens from the comfort of their homes, simply by using either the Vodafone M-PAiSA or Digicel mobile wallet platforms and sending an SMS text to receive a token. To accompany this digital evolution and ensure a smooth transition, EFL engaged prepay customers in an educational campaign that guided them through the new process.

A CLOSER CUSTOMER CONNECTION

At EFL, we're constantly striving to keep our customers ahead of the curve when it comes to new developments in the energy sector. While we have implemented the Digital Transformation, EFL hasn't forgotten those customers who are not tech-savvy or those who do not have access to our online or over the phone services. We continued our efforts to raise awareness on energy safety and savings through a nation-wide series of presentations that were conducted in schools and communities. We maximize exposure of our safety messages by printing them on electricity bills and bill inserts. SMS texting was also used to remind customers of bills that are overdue and need to be paid. EFL's Facebook page and website added to our communications mix to actively inform our customers of any planned and unplanned power outages.

With more than 50% of the queries received daily being based on bill balances and due dates, EFL has got "Noqu EFL" App live on google play store for customers to download and use for free. We also continued to grow a paperless e-billing system, allowing customers to sign up to receive their monthly bill statements via email. All digital account management and oversight are centralized on the "Noqu EFL" portal, which grants customers the ability to monitor their electricity usage online and compare month-to-month rates, adding a new level of convenience and cultivating electrical energy literacy.

Our easy-to-use "913" emergency hotline was also available for Fijians to call for help in case of dangerous power-related emergencies. 6,345 total calls were received in 2020, of which 3,812 were determined to be genuine emergencies and which were dealt with promptly and appropriately from our National Control Centre in Vuda.

In line with our overall customer focus strategy to remain easily accessible to our customers whenever they need us, EFL also introduced mobile short code "5333" to its customers. This easy-to-remember, four-digit number ensures that our customers will be able to get in touch with EFL in a more expedient manner, operating 24 hours a day, seven days a week. By dialling "5333", mobile users can lodge complaints and inquiries, manage their billing, and alert us of power outages in their areas. Already covering the vast majority of Fijian mobile users, connectivity is currently offered through Vodafone, Digicel and Inkk at normal mobile-to-mobile rates, with EFL actively exploring partnerships with other telecommunication networks.

With all the digitalization initiatives EFL continues to visit customers in villages and settlements to keep them abreast with the new developments in technologies which they can use from the comfort of their homes.



EFL customer services representative provides services to customers on a daily basis at all major locations.

TRANSMISSION NETWORK DEVELOPMENT PROJECTS

1. With a technical grant assistance by the European Investment Bank (EIB), EFL undertook a comprehensive study aimed at identifying innovative ways to improve reliability and security of Viti Levu's power supply. EIB has completed their study of the 132kV transmission network development necessary to evacuate power from Monasavu/Nadarivatu Hydro projects and to cater for the new renewable power generation projects such as the Lower Ba and the Qaliwana and Upper Wailoa diversion Hydro projects. EIB has submitted their final report.
2. A new 132kV/33kV substation in Suva will be required to augment/support the existing 33kV/11kV Hibiscus Park substation. This will be required to capture additional hydro power from the 32MW Namosi hydro development. A 36km 132kV single circuit (constructed on double circuit structures) transmission line connecting the Namosi hydro development project and the proposed 132/33kV substation in Suva will need to be constructed.

MONASAVU HYDRO-ELECTRIC SCHEME HALF-LIFE REFURBISHMENT

Work on the Monasavu hydro-electric scheme half-life refurbishment project, which commenced in 2013, continued through 2020. As at the end of the year, the project's total expenditure stood at around \$1.6M which was all funded by EFL from its internal cash. The costs incurred for 2020 was low due to the international closure of borders that restricted consultants/contractors traveling to Fiji due to the Covid-19 pandemic. Further work will continue up to 2026 with an additional cost of around \$100M. On completion of this refurbishment project, the life of the Hydro-Electric Scheme will be extended by another 30-40 years.

UPGRADING AND EXPANDING OUR TRANSMISSION NETWORK

Tender for the upgrade of the 132kV Mimic panel at the Vuda substation was awarded and a purchase order issued to the supplier. The design of the mimic panel has been completed and the project is expected to be completed in 2021 subject to Covid-19 restrictions being lifted in a timely manner globally.

Replacement works for all 132kV disconnectors/isolators/earth switches in EFL's power system continued, with an unprecedented fifteen units replaced during 2020. While the ambitious disconnector replacement project has faced obstacles (such as difficulties in obtaining the necessary planned power outages to execute the works), it is expected to be completed in 2022.



Fans enjoying IDC soccer final at the National Stadium under floodlights in Suva.

EFL commenced work on the second phase of rust refurbishment work on 51 lattice steel towers along the 132kV transmission line. As at the end of December 2020, rust refurbishment work had been completed on thirty seven (37) towers (21 completed in 2019 + 16 completed in 2020), with work in progress on a further eleven (11). Note that no progress was made on this project in December due to Covid-19 related travel restrictions. Preparatory work was also carried out to complete the rust refurbishment work on the remaining towers along the 132,000 volts Wailoa – Cunningham road transmission line with tenders being awarded for the rust refurbishment works, and tenders being awarded for the construction of access roads to these towers. The entire rust refurbishment project is expected to be completed by 2026 at a cost of around \$40M.

Work on the project to replace the aged 132kV/33kV transformers at the Cunningham Road and Vuda zone substations was hampered by Covid-19 pandemic related travel restrictions. Factory Acceptance Testing was completed via live video feed. Pads for the new transformers have been constructed. Tenders were called for the supply of 132kV circuit breakers and disconnectors for the project. This project is expected to be completed by 2022 at a cost of \$36.2M. This project is critical to ensure security of supply of Hydro Power to the entire Viti Levu customers.



Half-life refurbishment being carried out on one of the gensets at Wailoa Hydro Power station.

ZONE STATION UPGRADING

Work continued on nationwide upgrades to EFL's infrastructure network, increasing the capacity of substations and laying the groundwork to meet Fiji's growing demand for energy. Progress was, however, affected by limitations imposed as a result of the Covid-19 coronavirus pandemic.

Work continued on the project to upgrade the aged 33kV/11kV transformers at the Rarawai and Sigatoka zone substations. The transformers for Rarawai and Sigatoka substations have been received in 2020 and they are presently placed on their respective pads. Commissioning work is expected to be completed in 2021 once Covid-19 coronavirus travel restrictions between Fiji and Australia are lifted. Design review for the Wailekutu and Suva transformers has been completed, and the transformers are expected to be delivered to Fiji by quarter 3 of 2021.

Work continued on the project to upgrade the aged 33kV/11kV transformer at Wailekutu zone substation and the 33kV/6.6kV transformers at Suva zone substations. Tenders for civil work for the transformer pads at Wailekutu and Suva substations have been called and civil works at the two substations are expected to be completed by quarter 2 of 2021. Commissioning work is expected to be completed in 2021 once Covid-19 coronavirus related travel restrictions between Fiji and Australia are lifted. These projects will ensure security of power supply to the Ba district, Sigatoka district, Lami and Suva districts at a cost of around \$18.45M.

Work continued on the projects to establish two new 33kV/11kV zone substations at Naikabula, Lautoka and Denarau, Nadi at a cost of around \$19M. Transformers for both these projects were procured in 2020 and they are currently placed on their pads. These projects are expected to be completed in 2021, subject to timely uplifting of Covid-19 coronavirus related travel restrictions, and will ensure security of the existing power supply and cater for increase in demand in these areas.



The micro, small and medium enterprise businesses rely on electricity for continuity of their business at all times.

Human Resource SBU

The Human Resources SBU Team has been at the helm of managing 876 employees of Energy Fiji Limited (EFL). The HR SBU Team consists of 30 employees in the 5 key sections i.e., Human Resources, Employment Relations, Learning & Development, Health & Safety and Fleet Services. Each human resource personnel has a key role to execute in ensuring that 876 employees are fully equipped to grow EFL's business right from recruitment to the placement in the respective SBU.

In order to bring our people closer to the technologies and its application 'live', 2020 saw the completion of the upgraded Employee Self Service (ESS) portal. ESS is the link that provides an employee with detailed information whether it be the application of any type of leaves, seeing a trending on his or her learning and development or for that matter analyzing his or her performance via trending the scores over the years and make improvements going forward.

56 new recruits joined Energy Fiji Limited from diverse backgrounds. EFL strives to employ the best skill set personnel and invest in them which will help enable development of their full potential and lead Energy Fiji Limited into a new era. EFL believes that people are the greatest strengths and resources. HR SBU continues to search for the potential talent in the competitive market both internally and externally and provide an opportunity to individuals with the right skills, knowledge and positive attitude to join EFL to add value and make a difference not only to the organization but to his family and the community that he or she comes from.

Human Resources SBU as part of its 'engaging with employee's program' increased its visitation to various workstations and workplaces across EFL locations to meet with the Teams. This gave an opportunity to hear from each Team and address any issues they would be facing and also share with the Team how EFL is progressing amidst all the challenges. For example, on 29th February 2020, the HR SBU played a key role in partnership to host the Inaugural Apprentices Sports and Awards Night in becoming a major sponsor with their awards recognition. This partnership was also part of our leadership learning to our young Apprentices. Similarly, planned visitations only strengthened our "EFL's Vuvale" spirit across the regions.

Employees wellness program is the new norm in EFL, as a way to keep them productive. Employees with robust Health and Wellness program at work feel engaged and cared for by their employer (EFL). The key to having a successful wellness program at work is to have a "Health & Wellbeing Strategy". EFL has adopted a Strategic Health, Safety & Well-Being Plan 2020 - 2022 to focus on the wellness program for the employees and at the same time the Plan outlines a positive mental health approach. Each of the Divisions of EFL across Viti Levu and Vanua Levu has established their Sports and Social Club. EFL in partnership with BSP Life Insurance distributed sports equipment to all EFL locations.

EMPLOYEE RELATIONS

Hospitalization Visitation

The hospitalization visitation initiative was designed to foster goodwill, care and provide comfort to the EFL "Vuvale" when admitted or when a new born is added to the family. A total of 50 visits were made at a value of \$4,450.



An EFL employee undergoes health check at EFL Head Office as part of their health and well-being.

Louis Wilson Family Assistance

While the Covid-19 pandemic had a major financial impact across the world, EFL continued to shine and display a true essence of the "Vuvale" spirit by assisting a fellow employee whose home was completely destroyed by a fire on Tuesday 30th June, 2020 at Nasevou Street in Lami. Through HR initiated fundraising drive, EFL employees and Executive Management compassionately contributed a total of \$20,291.00 towards this worthy cause. This cash contribution was handed over to the Wilson family together with other forms of assistance i.e. clothes, school bags, stationeries etc. on August 18th, 2020.



The HR Team and members of Louis Wilson after receiving the cheque at Kinoya Office. EFL contributed \$20,291 towards this family.

EFL Flag

In the history of Fiji Electricity Authority (FEA) and now Energy Fiji Limited (EFL), employees traditionally welcomed and hoisted both the Fiji and EFL flag on Friday 9th October, 2020 at 8:00am at the Head Office as part of celebrating Fiji's Independence. The Chief Executive Officer officially received the EFL flag. Employees witnessed this historical moment in the 50th Year of Fiji's Independence, right here at our EFL Head Office. In addition, all EFL locations came out in unison in decorating their workshops, offices and depots to mark the auspicious Fiji 50th year of independence. This celebration was streamed live with the competition in place to award the best-decorated location. EFL Navutu came out as the winner with \$200 cash prize while EFL Kinoya took out the runner up with \$100. The prize money was contributed by the HR SBA Social Club. This historical moment and especially in the 50th year of Fiji's Independence, was a very memorable moment which will go down in the history books of EFL.



EFL employees celebrated the 50th Year of Fiji's Independence at the EFL Head Office.

HEALTH AND SAFETY

Apart from the challenge of managing operational risks, the year 2020 had really tested the resilience of EFL's risk management commitment with severe Tropical Cyclones Harold and Yasa stretching the power restoration Teams to their limits while Covid-19 introduced a totally new risk, complicated through its associated lockdowns, special PPE requirements and social distancing rules.

COVID-19 Pandemic

The HR SBU Team pro-actively designed a Covid-19 Response Plan agreed by the Executive Management Team which was signed off by the Chief Executive Officer on Friday 20th March 2020. The Covid-19 Response Plan gave Energy Fiji Limited a direction. The HR SBU Team commenced liaising with employees on measures that need to be taken and at the same time ensuring that the right measures are in place within the organization and these measures thereafter ensured zero Covid-19 cases at Energy Fiji Limited. The HR SBU was also mindful of the impact of the Covid-19 on Mental Health and thus began establishing its very own Mental Health Framework.



While the Covid-19 pandemic has had a major impact across the world and continues to do so, EFL realized such an event can have a detrimental impact on the physical and mental health of our employees. The Health and Safety Team had therefore developed a 'Covid-19 Response Plan' and a 'Mental Health Framework' intended to guide and assist employees during the pandemic. World Health Organization and the Ministry of Health guidelines were used in preparing the Plan.

Lost Time Injury (LTI)

Lost Time Injury Frequency (LTIF) for 2020 was 5 compared to 2.07 in 2019 and Lost Time Injury Duration (LTID) was 4 in 2020 compared to 6.25 in 2019. While the majority of LTIs consisted of minor injuries such as sprains, bruises and dog bites, there was only one LTI occurring in a key risk area (object falling on person) which resulted in 32 days lost. Lessons learnt have been incorporated in the review of safe work procedures and during the recent review of EFL's Safety Manual with the message reinforced through training programs and field visits. It can be noted that EFL's commitment to a healthy and safe culture is improving every year and this is reflected in an increased reporting of events. Through the commitment of our leaders, our teams are empowered to always put safety first, so in 2021 the quest to ensure that nobody is injured while working at EFL will continue.

Health, Safety & Well-Being Strategic Plan 2022

The Health, Safety & Well-Being Strategic Plan, 'EFL SAFE 2022 - Shaping the Future of Workplace Wellbeing in EFL' outlines our health, safety and wellbeing strategy for the next 3 years (2020 to 2022) and is now being put in motion. The strategic plan outlines EFL's commitment to adopting the international standard for health and safety management, ISO:45001. This risk-based system will better align to EFL's other key management systems through its High-Level Structure (HLS) format. This continues EFL's journey of on-going focus on the health and safety of our people and the public and will continue to build on EFL's existing systems which are expected to deliver further strength to our health and safety approach.

Safety Drive

The Health and Safety Team continued its drive in embedding and strengthening EFL's health and safety culture. A total of 730 employees went through the EFL Safety Manual refresher training which was followed up with 420 safety visits where behavioural assessment of employees on the field was made to ensure field practice meets standard expectations. To assist the teams in managing operational risks, a 'Take Five' program was designed by the Health & Safety Team, which is a memory aid to assist the Teams to remember the important elements of work. The 'Take Five' program relates to the five elements of Planning: i) properly planning the work, ii) Procedure-ensuring compliance to appropriate procedures, iii) People – ensuring availability of fit and competent employees, iv) Plant – ensuring plant are fit for use and fit for purpose and v) Place – ensuring thorough identification of additional hazards which may lurk in the workplace.

Health Drive - Fun at Workplace

Health and Safety Team introduced a weight loss program as part of the fun at workplace. The intention of launching this program was to shift the mindset of the EFL "Vuvale" amidst a tense year. "Loose to Win" slogan was chosen and the target was to raise \$3,000 as the winning prize. Health & Safety Team challenged each Senior Staff and Executive to contribute towards the winning prize and this was successfully received and everyone was involved. The winner was Divyash Maharaj, Trainee Electrical Technician, Substation from Navutu. He lost 23.8kg.



The winner, Divyash Maharaj being awarded the prize by the Health and Safety Team.

Testing of Safety Equipment

The High Voltage Test Centre is operated by the Health and Safety Team and is responsible for carrying out testing of all High Voltage & Low Voltage safety gloves, live line apparatus and live line trucks. In 2020, there were a total of 1,256 gloves tested. There were 597 Class 0 LV gloves (240V) tested, 511 Class 2 HV gloves (11KV) tested and 148 Class 4 gloves (33KV) tested. A total of 49 gloves failed and had to be replaced. The failed gloves were in the following categories: Class 0 240V gloves – 38, Class 2 11kV gloves – 10 & Class 4 33kV gloves – 1.

All gloves handed in for testing have been successfully tested and entered on our Pay Global software platform. The gloves are tested every 6 months after which, the next due date is written on the HV/ LV glove.



EFL line mechanics carrying out line maintenance work under fully controlled safety environment.

LEARNING & DEVELOPMENT

Employee Training and Development

Human Resources Team strengthened its focus on employee training and development. Training team continued to provide technical trainings and also covered other non-technical areas of management and leadership training. Energy Fiji limited is the only organization in Fiji that has reached a milestone achievement by getting 100% grants claim for 2 consecutive years i.e. 2018 and 2019.

Growing Human Capital, EFL recognises that training and development is an investment not only in our people, but in our company's future. We are therefore committed to the robust career development of all our staff, allowing them to fully tap into their talent, skills and abilities to better serve themselves, EFL, and our customers. 876 existing EFL employees underwent training in various areas, including induction, management, occupational health and safety, fire drills and employment relations. The principal aim of EFL's training policy is to link staff development and training to our broader corporate goals and objectives and align them within the company's succession planning, in addition to progressing the individual career goals of our staff. We take a holistic approach to staff development, including training that immediately arms staff with necessary skills, in addition to more forward-facing activities that enable staff members to prepare for future opportunities.

Leading Fiji

Training Grants Scheme marks record achievement under the national "Method A" grants scheme. EFL achieved a score of 100% for the year 2019 representing the highest-ever grants assessment score achieved by the company, and it is the highest overall score in Fiji for the second consecutive year. See below for a three-year comparison of the grants scheme:

	2017	2018	2019
Points Awarded	99.12%	100%	100%
Grants Payment	\$247,000.00	\$390,156.27	\$27,238.61

Training for the Future

The Training Team worked tirelessly to ensure all trainings for 2020 were recorded in ESS. This portal has been designed for EFL to track work, increase accountability, share and explore new ideas and develop new innovation projects. 31,570.5 training hours were delivered during the year.

Virtual Training

Covid-19 provided an opportunity to adopt to technological methodology by conducting and delivering trainings virtually.

OVERSEAS TRAINING PARTNERSHIP

EFL is currently working with Thomson Bridge, Australia. Thomson Bridge is a utility training provider in Melbourne, Australia specializing in power and traction.

APPRENTICESHIP PROGRAMME

EFL continues to recruit and invest in young apprentices in order to meet the future work demand. We currently have 81 apprentices.

INNOVATION

Energy Fiji Limited became the first organization in Fiji to implement its own Innovation Management Framework. Innovation Management Framework was in research since 2014. While the Fiji Electricity Authority (FEA) then was heavily concentrating on the Quality Circles Project Teams and benefiting from its participation, the Leaders, did foresee at that time, that we will, going forward need a Fijian Framework that will belong to its people, thus, the research began in 2014 to have an Innovation Management Framework. The Innovation Management Framework was implemented in 2019, replacing all other borrowed programs such as the Quality Circles, Fiji Business Excellence Awards, Safety Awards, etc.

90% of our workforce is trained in the Innovation Management Framework with 43 Innovation Teams formed.



EFL Western Apprentice Staff after completing Line Mechanic Module 1 training program at EFL Navutu, Lautoka.



Affordable and reliable electricity is a life-changer for all Fijians.

SUPPLY CHAIN FUNCTIONS

Supply Chain Unit

The Supply Chain Unit is the doorway through which purchases of any goods and services are carried out including the management of Inventory within EFL.

2020 saw the Supply Chain Unit continue its ongoing focus in optimizing performance in critical operational areas, including the Procurement of Goods and Services (including tenders and contract management), and Inventory Management.

This was achieved by specifically implementing action plans for the following key strategic objectives designated to provide improved output to EFL's internal and external customers:

- **FASTER:** Increase speed of delivery of goods and services.
- **BETTER:** Improve quality of goods and services.
- **MORE AFFORDABLE:** Reduce costs of providing goods and services.



Supply Chain Unit 2020 Performance Outcomes

Given the corporate and aligned divisional objectives, the following primary outcomes were achieved in 2020:

i) Procurement of Goods & Services:

- The Supply Chain Unit played a critical role in driving the tendering and procurement processes, preparing and negotiating contracts, and other project oversight that helped EFL meet its key performance indicators for core strategic business areas.
- In terms of the actual average tender turnaround time (for tenders valued between \$10,000 and \$100,000), 5.71 weeks was accomplished for the year against a target of six weeks.
- Initial aim to achieve \$3.0M in financial savings through procurement and tender negotiations. The supply chain achieved an all-around savings of \$5.03M in 2020 conducting negotiations on the original tender bids.

ii) Sound Inventory Management, Vigilance and Best Practices:

- The Unit implemented sound inventory management and adhered to industry best practices, achieving a normal operating inventory stock holding level (not including fuel and engine spares) of \$7.53M against a target of \$10M. EFL had reduced this target in 2020 after maintaining a target of \$13M for prior years till 2019.
- Average stock turn target (improvement of stock utilization rates) of 8% was exceeded, with 8.3% average stock turn achieved. This indicates that EFL's stock items were managed and turned over efficiently throughout the year, contributing to savings in EFL's working capital.
- Preferred Supplier tenders were called to assist the supply chain unit to procure inventory in a timely manner, avoiding stock outs and to provide efficient services to its internal and external customers to achieve set targets.
- The Procurement and Disposal Policy and Procedures were reviewed and implemented in 2020 to bring about better controls and best practices to safeguard EFL and eliminate any fraudulent activity. Awareness of the revised Policy and Procedures has been carried out to the Central and Western division staff.

REGULATORY UNIT FUNCTIONS

EFL signed an MOA with the FCCC on 2nd October 2019 to continue to carry out certain regulatory functions until further notice. EFL's Regulatory Unit is made up of over 60 team members who are tasked with overseeing and enforcing compliance of the Regulations. These included:

- Licensing of electrical wireman & electrical contractors
- Electrical Incident/Accident Investigations
- Testing of Electricity Meters to be used in the grid
- Inspection and Connection of new installations to the EFL grid, as well as inspection of off-grid installations.

The Achievements of this Unit for the year 2020 were as follows:

i) New Connections

- 2020 saw a total of 7,549 new connections, exceeding the Unit's target of 7,500 new connections for the year. This total comprised of 6,417 domestic connections and 1,132 commercial & industrial connections.



The Minister for Infrastructure, Transport and Rural and Maritime Development Hon. Jone Usamate while commissioning the Tuvavatu rural electrification project in Rakiraki.

ii) Meter Testing

- 16,711 electricity meters were tested in 2020, surpassing the Unit's target of 13,000. Of these, 7,135 were single phase meters, 9,156 were prepayment meters and 420 were 3 phase meters.

iii) Public Safety Campaign

- Electrical safety presentations continued throughout communities and schools in Fiji. This consisted of live presentations, media campaigns and advertisements to educate Fijians about the dangers of electricity and how to avoid them.

iv) Enhanced standards for electricians (wireman licences) and electrical contractor licenses

- 2020 saw the appointment of a new Chief Inspector within the organization and with it brought about new ways of improving customer safety and quality of electrical installations. All licensed electrical contracting companies and licensed wireman had to undergo a brief assessment to ensure they were up to par with the new wiring rules and standards ie AS/NZS 3000:2018.

v) Solar Grid-connected Installations

- A total of thirty one (31) installations were inspected and connected to the EFL grid in 2020.



The Honourable Prime Minister, Josaia Voreqe Bainimarama with students of Solove Primary School after electrifying the school at Seaqaqa Macuata.



A snapshot of Albert Park in the evening depicting training and sports activities under floodlights.

04

LIFE AFTER ELECTRICITY

Despite the Covid-19 global pandemic that slowed down economic growth globally, the Fijian Government continued with its electrification programme to ensure that reliable power is accessible to all Fijians. The provision of electricity improves the livelihood of every Fijian, young and old and its effect multiplies to contribute to the achievement of the nation's development goals. Affordable and reliable electricity is a life changer for everyone in the country. It is a critical pillar of development.

The Fijian Government has committed to providing electricity to all citizens of Fiji. In March 2020, the Fijian Government announced Covid-19 Economic Stimulus Package for all Fiji citizens. The Fijian Government and Energy Fiji Limited has committed itself to assisting low-income households access the tremendous personal and economic benefits of electric power and through EFL, actively subsidizes electricity costs for families with a combined household income of \$30,000 or less per annum. Prior to Covid-19, the Fijian Government was subsidizing 48% of the electricity bill for the first 100 units of electricity consumption while the other 52% was paid by the customer. The stimulus package announced in March 2020 by the Fijian Government to assist low income domestic customers was as follows: the Government continues to pay 48% of the electricity bill for the first 100 units of electricity consumption and EFL subsidizes for the remaining 52% so in effect the customer only pays the VAT component on this quantum of electricity.

Those households earning less than thirty thousand dollars (\$30,000) annually will only pay 9% vat for the first 100 units of electricity consumed. This allows residential customers to save 100% on the first 100 units of electricity usage per month at a rate of 34.01 cents per unit VAT exclusive price (VEP), resulting in a cost to customers of only paying the VAT portion on their first 100 units electricity usage. EFL has provided some \$4.93M as a Covid-19 discount in 2020 to its subsidized customers. This discount will expire in March 2021.

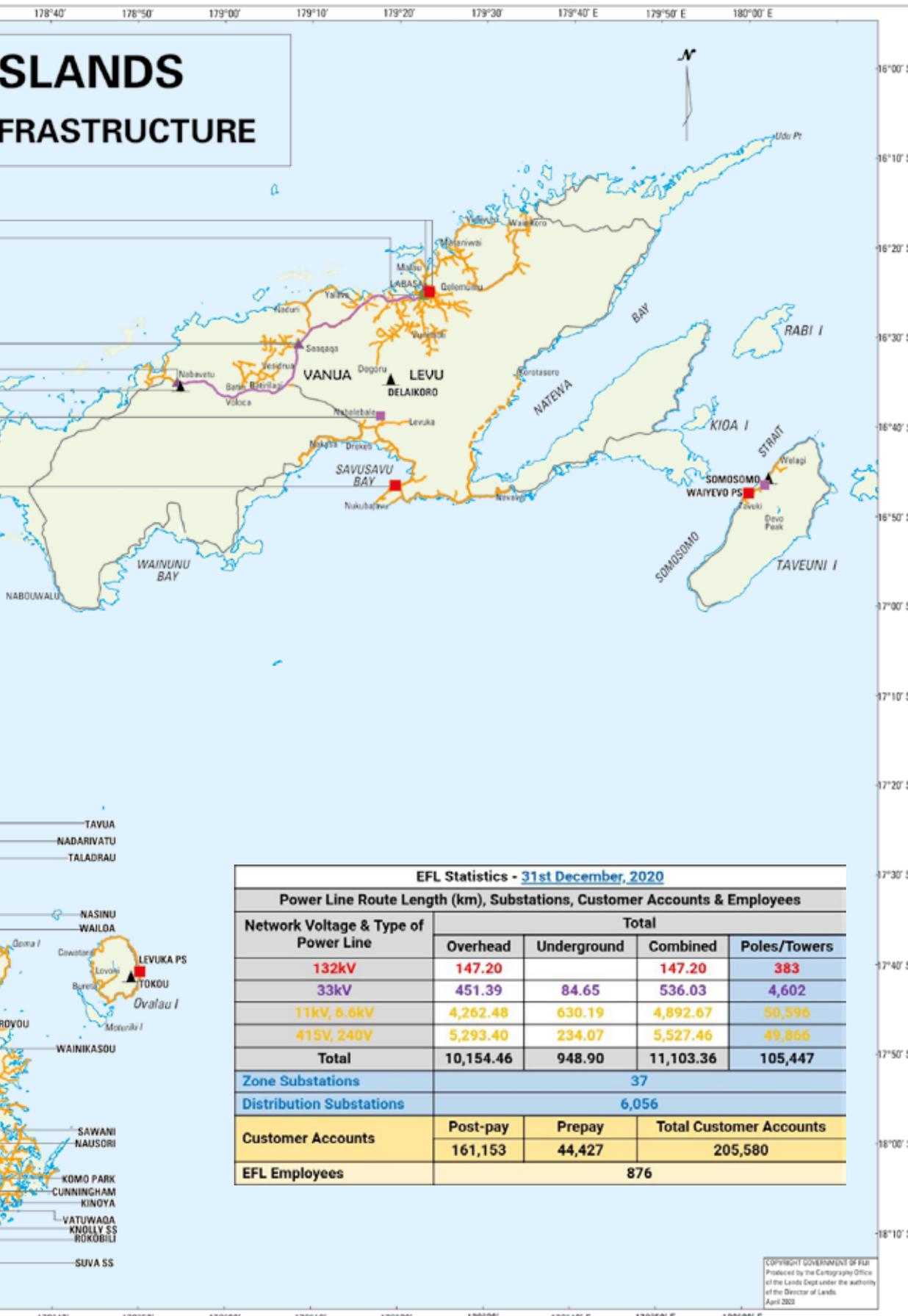
This newly-restructured subsidy scheme was introduced in August 2017 and has since been aggressively publicised to eligible families, including during the company's free share offering. This campaign resulted in a huge increase of 8,789 subsidized customers in 2020, meaning an impressive 41,135 Fijian households now have access to highly-affordable electricity.

In 2020, EFL incurred approximately \$17.6M in non-commercial obligation costs, enabling thousands of low-income Fijian families to access affordable electric power and enjoy the benefits of life after electricity. Because of our commitment, more Fijians have access to electricity than at any point in our nation's history. We will continue to be driven by EFL's vision of energising our nation with clean, affordable, and reliable power in the years ahead.

EFL spent a total sum of \$34.33M for the rural, commercial/industrial, contract works and distribution system reinforcement works. Of this amount \$25.22M was authorized for construction of twenty nine (29) rural electrification projects, \$4.31M was authorized for fifty five (55) for commercial and industrial/sub-division projects, \$0.67M was committed to eighteen (18) Contract schemes and \$4.13M was authorized for twenty four (24) Distribution system reinforcement schemes. Of the total distribution reinforcement work, \$1.92M was authorized for extending another 33kV transmission line link from the proposed Koronubu 132/33kV substation to 33kV Rarawai zone substation while the second 33kV transmission link is a diversion of the 33kV Rarawai-Tavua feeder to this proposed 132/33kV zone substation in Koronubu.

The Energy Fiji Limited and the Fijian Government is focused on making sure that every Fijian enjoys the life changing benefits that electricity provides.

ISLANDS INFRASTRUCTURE



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Produced by the Cartography Office
of the Lands Dept under the authority
of the Director of Lands.
April 2021



A customer paying his electricity bill at the EFL Head Office in Suva.



Electricity enables customers to withdraw their funds via ATM 24 hours a day.



FINANCIAL STATEMENTS

for the year ended 31 December 2020

DIRECTOR'S REPORT	50-51
DIRECTOR'S DECLARATION	52
AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF ENERGY FIJI LIMITED	53
INDEPENDENT AUDITOR'S REPORT	54-55
STATEMENT OF COMPREHENSIVE INCOME	56
STATEMENT OF FINANCIAL POSITION	57
STATEMENT OF CASH FLOWS	58
STATEMENT OF CHANGES IN EQUITY	59
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	60-90
NETWORK STATISTICS	91-92
GENERATION STATISTICS	93

Director's Report for the year ended 31 December 2020

In accordance with a resolution of the Board of Directors, the Directors of Energy Fiji Limited ("the Company") present their report together with the financial statements of the Company for the year ended 31 December 2020.

1 DIRECTORS

The following were directors of the Company at any time during the financial year end up to the date of this report:

Daksesh Patel (Chairman)
 Gardiner Henry Whiteside (Deputy Chairman)
 David Kolitagane
 Kamal Gounder
 Tevita Kuruvakadua (Term expired - October 2020)
 Viliame B. Vodonaivalu (Appointed - October 2020)
 Hasmukh Patel (Ex-officio Member)

2 PRINCIPAL ACTIVITIES

The principal activities of the Company are the generation, transmission, distribution and sale of electricity on Viti Levu, Vanua Levu, Ovalau and Taveuni as governed by the Electricity Act and Regulations.

3 TRADING RESULTS

The profit after income tax of the Company attributable to the members of the Company for the year ended 31 December 2020 was \$66.8 million (2019: \$63.7 million).

4 DIVIDEND

The Directors declared and paid \$19.1 million in dividends for the year ended 31 December 2020 (2019: \$30 million).

5 BAD DEBTS AND ALLOWANCE FOR IMPAIRMENT LOSS

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

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

6 CURRENT AND NON-CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstance which would render the values attributable to the assets in the financial statements misleading.

7 SIGNIFICANT EVENTS DURING THE YEAR

- a) As part of the Covid-19 Government Supplementary Budget, the Government announced that in addition to the Government Electricity Subsidy of 48% of the cost of the first 100 units of electricity consumption per month applicable to the eligible subsidized customers of EFL, EFL will subsidize the remaining 52%. This is effective from April 2020 till March 2021 for domestic account holders and is applicable to subsidized domestic customers whose combined household annual income is \$30,000 or less and their first 100 units of electricity consumption in a month is fully subsidized with Government contributing 48% and EFL contributing 52%. EFL paid a total Covid-19 discount of \$4,927,534 in 2020.
- b) The COVID-19 pandemic also impacted EFL's electricity demand for 2020. Initially, when the pandemic hit Fiji, the electricity demand declined significantly by 20% as compared to 2019 due to the lockdowns in Suva and Lautoka, closing of the international borders (which significantly affected the tourism industry in Fiji), industries that operated on reduced hours and those that were forced to close down. By the end of the year, the reduction in demand improved to a negative 9% in comparison to 2019.
- c) EFL signed an addendum to the grant agreement for the climate resilient renewable energy development with Korea International Cooperation Agency (KOICA) who are funding the development of a 1MW Solar Power Plant in Taveuni. The project is expected to commence construction in 2021.
- d) On Friday, 14th August 2020, EFL signed the Syndicate Banking Facility Agreement with ANZ, WBC and BSP Banks for a total credit commitment of \$335M, the largest ever syndicate credit facility signed by EFL. This is a historic occasion for the Company, as it explored innovative means to put in place a robust funding mechanism that addresses EFL's Risk Management through diversified lending strategic partners and leveraging the strength of its balance sheet to achieve more resilient and sustainable levels of funding structures to meet its growing capital investment projects and future funding requirements.

Director's Report for the year ended 31 December 2020 (cont'd)

7 SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

- e) 2020 was an unprecedented year for EFL, apart from the COVID-19 pandemic, EFL also faced four (4) major cyclones namely TC Harold, TC Sarai, TC Tino and TC Yasa. These cyclones caused severe power disruptions and extensive damage to the power network infrastructures as a result of fallen trees, fallen power poles and power lines as well as widespread flooding. The FEL resources was stressed to its limit. EFL incurred a total of \$4,531,136 in Cyclone restoration costs in 2020.
- f) Also as part of the Government Covid-19 Supplementary Budget announced in March 2020, Government approved that effective from 1st May 2020, an additional 20 cents/litre import duty be levied on the purchase of Industrial Diesel Oil (IDO). As a result of the additional 20 cents per litre import duty, EFL incurred an additional fuel cost of \$1,735,240 in 2020.

8 RELATED PARTY TRANSACTIONS

In the opinion of the directors all related party transactions have been adequately recorded in the books of the Company and reflected in the attached financial statements.

9 OTHER CIRCUMSTANCES

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

10 UNUSUAL TRANSACTIONS

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

11 EVENTS SUBSEQUENT TO BALANCE DATE

a) The Government's process to introduce a new investor into EFL, as part of the active privatisation program, remains ongoing in 2020. On 25th March 2021, the Fijian Government entered into a Share Sale Agreement with Sevens Pacific Pte Limited, which is a consortium owned by Chugoku Electric Power Company ("CEPCO") and the Japan Bank for International Cooperation ("JBIC") to acquire 44% shareholding in EFL (acquiring 24% from Government and 20% from FNPF). Post the share acquisition, EFL will continue to operate in a manner consistent with its operation prior to this transaction. There is no definite timing for completion but both parties will endeavour to finalise the transaction as soon as possible.

b) On 31st January 2021, TC Ana headed to Fiji where it hit the Fiji group as a category 3 cyclone. The cyclone caused power disruptions and damage to the power line infrastructures as a result of strong winds and widespread flooding. EFL estimates that the cost of the power restoration to the affected areas in Fiji to be around \$4M.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in future financial years.

12 GOING CONCERN

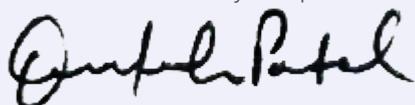
The Directors consider that the company will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Company will be able to continue its operations for at least 12 months from the date of signing this report.

13 DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 23 day of April 2021.



Daksesh Patel
CHAIRMAN



Gardiner Whiteside
DEPUTY CHAIRMAN

Director's Declaration for the year ended 31 December 2020

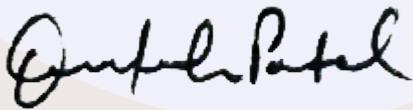
The declaration by directors is required by the Companies Act, 2015.

The directors of the Company have made a resolution that declared:

- a) In the opinion of the directors, the financial statements of the Company for the financial year ended 31 December 2020:
- i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 31 December 2020 and of the performance and cash flows of the Company for the year ended 31 December 2020; and
 - ii. have been prepared in accordance with the provisions of the Electricity Act and Companies Act, 2015.
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 23 day of April 2021.



Daksesh Patel
CHAIRMAN



Gardiner Whiteside
DEPUTY CHAIRMAN

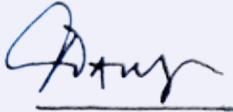
Independence Declaration for the year ended 31 December 2020

Auditors Independence Declaration to The Directors of Energy Fiji Limited

As auditor for the audit of Energy Fiji limited for the financial year 31 December 2020, I declare to the best of my knowledge and belief that there have been:

- (a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Energy Fiji Limited during the year.



Ajay Nand
AUDITOR GENERAL



Independent Auditor's Report

To the Shareholders of Energy Fiji Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statement of Energy Fiji Limited ("The Company") which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statement give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statement section of my report. I am independent of the company in accordance with the international Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statement in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the following matters:

1. The Company has been recording assets generated from the Rural Electrification Scheme as part of its property, plant and equipment in the books of account (Note 11) over the years. Government is yet to transfer the ownership of these assets to the company.
2. The company has still not undertaken a full review on impairment of assets with zero book values included in its property, plant and equipment. The review of the depreciation rates and the economic useful lives of the individual classes of plant and equipment in a progressive and structured manners for consideration and review by the directors of the company is yet to be performed.

My opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

Responsibilities of the management and those charged with governance for the financial statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of the financial statement that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of the financial statements.

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

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

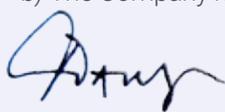
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have prepared in accordance with the requirements of the Companies Act 2015 in all material respects; and

- I have been given all information, explanation and assistance necessary for the conduct of the audit; and
- The Company has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
26 April, 2021

Statement Of Comprehensive Income

For The Year Ended 31 December 2020

	Notes	2020 \$'000	2019 \$'000
Revenue - electricity sales	5	327,095	359,427
Other operating revenue	5	7,943	9,408
Total revenue		335,038	368,835
Change in allowance for expected credit loss		(97)	56
Personnel costs		(27,666)	(25,987)
Fuel costs		(94,063)	(134,335)
Electricity purchases		(29,130)	(25,987)
Town and city rates		(108)	(202)
Depreciation on property, plant and equipment and right of use assets		(45,813)	(43,025)
Amortisation of intangible assets		(387)	(394)
Other operating expenses		(39,399)	(49,712)
Total expenses		(236,663)	(279,586)
Profit before finance costs, cyclone restoration costs and income tax		98,375	89,249
Finance Cost:			
Finance Cost		(13,447)	(11,936)
Finance income		4,295	3,494
Unrealised foreign exchange gain / (loss),net		(2,023)	(1,090)
Profit before cyclone restoration costs and income tax		87,200	79,717
Cyclone Harold/Tino/ Sarai/Yasa - restoration costs		(4,531)	(441)
Profit before income tax	6	82,669	79,276
Income tax expense	7(a)	(15,880)	(15,532)
Profit after income tax		66,789	63,744
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges		1,957	1,760
Total comprehensive income for the year, net of tax		68,746	65,504

The above statement of comprehensive income has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Statement Of Financial Position

As at 31 December 2020

	Notes	2020 \$'000	2019 \$'000
SHAREHOLDERS EQUITY			
Share Capital	23	750,000	750,000
Retained earnings		146,697	99,031
Hedging Reserves	24	1,957	1,760
TOTAL EQUITY		898,654	850,791
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents	8	213,897	175,621
Receivables and prepayments	9	36,173	48,487
Derivative financial asset	3.1(a)	4,129	4,011
Inventories	10	31,798	37,125
Current tax assets	7(d)	-	852
TOTAL CURRENT ASSETS		285,997	266,096
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,132,777	1,120,891
Intangible assets	12	823	1,210
Right of use assets	18(a)	26,406	25,205
Deferred tax assets	7(b)	496	309
TOTAL NON-CURRENT ASSETS		1,160,502	1,147,615
TOTAL ASSETS		1,446,499	1,413,711
CURRENT LIABILITIES			
Trade and other payables	13	37,659	40,173
Derivative financial liability	3.1(a)	946	152
Employee benefit liability	14	3,523	3,447
Interest bearing borrowings	15	13,386	20,637
Lease liabilities	18(b)	1,869	1,647
Current tax liabilities	7(d)	3,604	-
TOTAL CURRENT LIABILITIES		60,987	66,056
NON-CURRENT LIABILITIES			
Trade and other payables	13	103,478	94,753
Interest bearing borrowings	15	177,141	199,098
Lease liabilities	18(b)	24,861	23,694
Deferred income	16	116,114	118,649
Deferred tax liabilities	7(c)	65,264	60,670
TOTAL NON-CURRENT LIABILITIES		486,858	496,864
TOTAL LIABILITIES		547,845	562,920
NET ASSETS		898,654	850,791

The above statement of financial position has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Statement Of Cash Flows

For The Year Ended 31 December 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		337,623	364,656
Payments to suppliers and employees		(199,857)	(229,801)
Interest received		4,346	2,912
Interest paid		(12,112)	(12,095)
Tax Payment/Withholding taxes paid		(7,017)	(9,659)
Net cash flows provided by operating activities		122,983	116,013
Cash flows from investing activities			
Acquisition of property, plant and equipment		(47,930)	(78,161)
Proceeds for rural electrification, net		5,510	27,640
Proceeds from refundable contribution for general extension, net		8,200	4,476
Proceeds from disposal of property, plant and equipment		378	343
Net cash flows used in investing activities		(33,842)	(45,702)
Cash flows from financing activities			
Repayment of bonds and loans		(29,208)	(57,784)
Repayment of lease liability-principal portion only		(247)	(249)
Dividends paid	25	(19,123)	(30,000)
Net cash flows used in financing activities		(48,578)	(88,033)
Net increase/decrease in cash and cash equivalents			
Effect of IFRS 9 adjustment - allowance for impairment loss, nett		(264)	(96)
Effect of exchange rate movement on cash and cash equivalents		(2,023)	(1,094)
Cash and cash equivalents - at 1 January		175,621	194,533
Cash and cash equivalents - at 31 December	8	213,897	175,621

The above statement of cash flows has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Statement Of Changes In Equity

For The Year Ended 31 December 2020

	Share Capital \$'000	Hedging Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1 January 2019	750,000	(10,204)	65,287	805,083
Total comprehensive income				
Profit for the year	-	-	63,744	63,744
Transfer of hedge reserve to Statement of Profit or Loss	-	10,204	-	10,204
Other comprehensive gain for the year	-	1,760	-	1,760
Total comprehensive income for the year	-	11,964	63,744	75,708
Transactions with shareholders of the Company				
Dividend payout	-	-	(30,000)	(30,000)
Total transactions with shareholders of the Company	-	-	(30,000)	(30,000)
Balance as at 31 December 2019	750,000	1,760	99,031	850,791
Total comprehensive income				
Profit for the year	-	-	66,789	66,789
Transfer of hedge reserve to Statement of Profit or Loss	-	(1,760)	-	(1,760)
Other comprehensive gain for the year	-	1,957	-	1,957
Total comprehensive income for the year	-	197	66,789	66,986
Transactions with shareholders of the Company				
Dividend payout	-	-	(19,123)	(19,123)
Total transactions with shareholders of the Company	-	-	(19,123)	(19,123)
Balance as at 31 December 2020	750,000	1,957	146,697	898,654

The above statement of changes in equity has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

1. GENERAL INFORMATION

a) Corporate Information

Energy Fiji Limited (the Company) is a Limited Liability Company incorporated and domiciled in Fiji. The registered office and principal place of business is 2 Marlow Street, Suva, Fiji Islands.

b) Principal Activities

The principal activities of the Company are the generation, transmission, distribution and sale of electricity on Viti Levu, Vanua Levu, Ovalau and Taveuni as governed by the Electricity Act and Regulations.

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

c) Statement of Compliance

The financial statements have been prepared in accordance with the Electricity Act 1966 (Cap 180) and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Companies Act, 2015.

Approval of Financial Statements

The financial statements were approved for issue by the Company's Board of Directors at its meeting held on 23/04/2021.

d) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').

The Company operates in Fiji and hence, the financial statements are presented in Fiji Dollars, which is the Company's functional and presentation currency.

e) Basis of Accounting

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements of the Company are prepared on a going concern basis.

In the application of IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

1. GENERAL INFORMATION (CONT'D)

f) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading exchanged or used to settle a liability for at least twelve months after the reporting period.
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period .

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g) Changes in Accounting Policies

New standards, interpretations and amendments effective from 1 January 2020

The Company did not apply any new standards and amendments in 2020 as the new standards and amendments effective from 1 January 2020 is not applicable to the Company and does not impact the financial statements of the Company.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

(a) Bond instruments

Bonds issued are recorded at cost which reflects the face value of these instruments. Transaction costs on the issue of bond instruments are capitalised and amortised to the statement of comprehensive income over the maturity life of the bond instruments. Transaction costs are the costs that are incurred directly in connection with the issue of those bond instruments and which would not have been incurred had those instruments not been issued.

(b) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(c) Borrowing costs

The borrowing costs that are directly attributable to major capital expenditures and projects under construction are capitalized as part of the cost of these assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

The government guarantee fee on loans drawdown specifically for capital projects are capitalised. Other guarantee fees paid are expensed.

(d) Refundable and non-refundable capital contributions

A 100% refundable capital contribution represents the cost of the extension, received from the developer or a prospective consumer. The cost of the extension is the estimated cost incurred from the Company's nearest mains supply point capable of providing the assessed load required. The developer or a prospective consumer applying for a general extension provides a 100% refundable capital contribution in relation to the cost of the extension which is credited to trade and other payables and is refunded to the customer over a period of 5, 6 and 8 years. This is in accordance with the determination by the Fijian Competition and Consumer Commission (FCCC).

Non-refundable capital contributions are treated as deferred revenue which are brought to income upon completion of project.

(e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash on hand, cash in banks, short term deposits held with banks with an original maturity term of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

(f) Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

(g) Deferred income

Government grant in aid and assets acquired at no cost to the Company are capitalised and systematically recognised as other income on the basis of the expected lives of the assets to which the grants relate.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits

i) Annual leave

Provision for annual leave represents the amount which the Company has a present obligation to pay for employees' services provided up to the balance date. The provision has been calculated on the current wage and salary rate.

ii) Performance pay

The Company maintains a Performance Management System which is used to remunerate employees based on the achievement of certain Key Performance Indicators (KPIs). These KPIs are established based on predetermined objectives of the Company. The liability is measured at the wage or salary rates prevailing during the year.

(i) Foreign currency translation

Transactions denominated in a foreign currency are translated to Fiji currency at the exchange rate at the date of the transaction.

Foreign currency receivables and payables at balance date are translated to Fiji currency at exchange rates prevailing at balance date.

All gains and losses arising there-from (realised and unrealised) are brought to account in determining the profit or loss for the year.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the stock and bringing it to its existing condition and location. Consumables are valued at cost plus the associated delivery charges.

Provision for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete are written off in the year in which they are identified.

(k) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, an appropriate value model is used.

An assessment is made at each reporting date for non-financial assets as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

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

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

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

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and,
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Financial instruments (cont'd)

Financial assets: Business model assessment (cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and,
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

iii) Modification of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Financial instruments (cont'd)

iv) Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- ▶ The rights to receive cash flows from assets have expired ;
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

iii) Derecognition

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

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

v) Offsetting

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

vi) Impairment of financial assets

Financial instruments:

The Company recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost.

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

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

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include significant financing component.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standard & Poor's.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

vi) Impairment of financial assets (cont'd)

Financial instruments:

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

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

Measurement of ECLs:

Trade receivables

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

Debt securities including cash at bank

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets:

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

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

- ▶ significant financial difficulty of the borrower or issuer;
- ▶ a breach of contract such as a default or being more than 30 days past due;
- ▶ it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- ▶ the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

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

Write-off:

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

(m) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Where estimated useful lives or recoverable values have diminished due to technological change, market conditions or dynamics, amortisation is accelerated.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leased assets

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

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

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

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

i. As a lessee

Under IFRS 16

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's weighted average cost of capital.

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

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

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

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

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see note 18).

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leased assets (cont'd)

i. As a lessee (cont'd)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

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

To classify each lease, the Company 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, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

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

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating revenue'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the item. Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Additions

While expenditure on assets with a value of less than \$300 is generally not capitalised, physical control is maintained over all items regardless of cost.

Depreciation rates

Depreciation is calculated using the straight line method to write off the cost of each asset over their estimated useful lives as follows:

	Rates
Leasehold land	0.50% - 1.25%
Buildings - concrete	1.25%
Buildings - others	1.25%
Hydro Assets - dams	1.33% - 2.50%
Hydro Assets - tunnels	1.33% - 2.44%
Hydro Assets - plant and machinery	2.50% - 3.00%
Thermal assets	4.00% - 7.00%
Transmission	2.50%
Communication system and control	2.86%
Reticulation	4.00%
Wind mill	5.00%
Furniture and fittings	7.00% - 24.00%
Motor vehicles	20.00%
Computers	33.30%

Other fixed assets except for capital spares, are depreciated when they are brought into service.

Freehold land is not depreciated. Leasehold land is amortised over the remaining lease period

Capital spares

Capital spares represent items held primarily for use in thermal stations in the event of a breakdown. In recognition of the increased risk of obsolescence over a protracted period, capital spares are amortised in line with the depreciation rates applicable to the related plant and machinery. Capital spares are reported as part of Company's fixed assets.

Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

Repairs and maintenance

Repairs and maintenance is charged to the statement of comprehensive income during the financial period in which it is incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions

Provisions are recognised:

- ▶ When the Company has a present legal or constructive obligation as a result of past events;
- ▶ It is probable that an outflow of resources will be required to settle the obligation; and
- ▶ The amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(r) Rounding off amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

(s) Dividend distribution

Dividend distribution to the Government of Fiji is recognised as a liability in the financial statements in the period in which the dividends are declared by the Company.

(t) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income on term deposits;
- guarantee fees paid to government;
- interest expense on leases;
- interest expense on borrowings; and
- impairment losses (and reversals) on investments in debt securities carried at amortised cost.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(u) Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Fair Value Measurement (cont'd)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(v) Revenue Recognition

The Company recognises revenue from services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for services. Revenue is recognised at an amount that reflects the consideration that the Company is expected to be entitled to in exchange for transferring services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- ▶ Identification of the contract;
- ▶ Identification of separate performance obligations for each good or service;
- ▶ Determination of the transaction price;
- ▶ Allocation of the price to performance obligations; and
- ▶ Recognition of revenue.

Revenue recognition with respect to the Company's specific business activities are as follows:

Electricity Income

Electricity income is recorded in the statement of comprehensive income on an accrual basis.

Interest Income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

All other income is recorded in the statement of comprehensive income on an accrual basis.

(w) Fuel Hedging

EFL continued with its fuel and foreign currency hedging programme in 2019 that was implemented from 1st May 2018. The primary objective of the programme is to mitigate volatility on earnings arising from fluctuations in the global fuel price as well as movements in foreign exchange rates, both factors which are outside the control of EFL.

The Company manages these risk exposures using various financial instruments. The Board has determined hedging limits for financial risks and these are documented in the Commodity Risk Management and Hedging Policy. Transactions entered into are to be carried out within these guidelines. Implementation of this policy is delegated to Risk Management Committee, who have flexibility to act within the bounds of the authorised policy limits. Group policy is to not enter, issue or hold derivative financial instruments for speculative trading purposes. Compliance with the policy is monitored on an ongoing basis through regular reporting to the Board.

(x) Taxation

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current tax for the current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Taxation (cont'd)

Deferred tax

Deferred tax is accounted for using the liability method on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation Authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(y) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

- i) where the amount of VAT incurred is not recoverable from the taxation Authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for trade receivables and trade payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation Authority is included as part of receivables or payables.

The VAT component of cash flows arising from operating and investing activities which are recoverable from or payable to the taxation Authority is classified as operating cash flows.

3. RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates, will affect the Company's cash flows and profits. The objective of market risk management is to manage and control market exposures, within tolerances.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

3. RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

The Company enters into derivatives to manage market risks relating to fuel prices and foreign exchange rates. Derivatives are recognised at fair value on an ongoing basis. On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company assesses, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be "highly effective".

Hedges of highly probable forecast transactions which are exposed to variations in cash flows that could ultimately affect profit or loss are called cash flow hedges. Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. Cumulative gains and losses in other comprehensive income, including those relating to discontinued hedges, are recognised in profit or loss in the periods in which the hedged item will affect profit or loss.

The following table summarises the Derivative Financial Assets and Liabilities of the company related to the Company's forward foreign exchange and fuel hedging contracts as at reporting date.

	31-Dec-20 \$'000	31-Dec-19 \$'000
Current assets		
Fuel hedging contracts - cash flow hedges	4,129	4,011
Total derivative financial asset	4,129	4,011
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	429	152
Fuel hedging contracts - cash flow hedges	517	-
Total derivative financial liability	946	152

(i) Foreign exchange risk

The Company procures a significant portion of its supplies from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US, AU and NZ dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji dollar.

To protect against exchange rate movements, the Company uses forward exchange contracts and option contracts to purchase US dollars to hedge highly probable forecasted fuel purchases for the ensuing financial periods. The contracts are timed to mature when the fuel bills are expected to be settled. Realised gains or losses on these contracts arise due to differences between the actual spot rates on settlement, the forward rates of the derivative contracts and the cost of option premiums paid.

	31-Dec-20 \$'000	31-Dec-19 \$'000
Foreign exchange hedging gains/(losses) recognised in fuel cost	2,177	2,573

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

3. RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

The weighted average contract rates of hedge accounted foreign currency derivatives outstanding as at reporting date are set out below:

	Weighted Hedge Rate	Notional Amount US\$'000
AUD/USD Options	0.7243	8,700

Forward exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently restated to their fair value at each reporting date.

(ii) Price risk

The Company does not have investments in equity securities and hence is not exposed to equity securities price risk. However, the Company is exposed to commodity price risk as it purchases fuel through a local agent from offshore. The volatility on international fuel prices and its impact on the Company's profitability is given below considering two scenarios based on price, quantity mix, demand growth and hydro availability.

	Average Fuel Price (F\$/Metric Tonne)	Consumption (Metric Tonne)	Fuel costs \$'000
31 December 2020 (Actual)	1,270.69	74,025	94,063
Fuel price-Increase by 10%	1,397.76	74,025	103,469
Fuel Price-Decrease by 10%	1,143.62	74,025	84,657

Based on the above, if fuel price increase or decrease by 10%, the fuel costs to the Company would increase or decrease by \$9.41 million annually. The above sensitivity calculation is based on the 2020 fuel consumption levels.

The Company's fuel price risk management strategy aims to provide EFL with protection against sudden and significant increases in fuel prices while ensuring that the Company is not competitively disadvantaged in the event of a substantial decrease in the price of fuel.

The Company's risk management policy is to hedge anticipated IDO and HFO fuel consumption subject to limits determined by the Board. This exposure is managed by using the ICE Brent crude commodity swaps, option contracts and other fuel related derivatives. These contracts are designated as hedges of price risk on specific volumes of future IDO and HFO fuel consumption. The Company considers Brent crude to be a separately identifiable and measurable component of Singapore IDO and HFO. The price of Brent crude is highly correlated with the price of Singapore IDO and HFO.

Realised gains or losses on fuel hedging contracts arises due to differences between the actual fuel prices on settlement, the forward rates of derivative contracts and the cost of option premiums paid.

	31-Dec-20 \$'000	31-Dec-19 \$'000
Brent crude hedging gains/(losses) recognised in fuel cost	(16,795)	(7,709)

The weighted average contract rates of hedge accounted fuel derivatives outstanding as at reporting date are set out below:

	Weighted Average Hedge Strike Rate US\$/bbl	Notional Amount Barrels
Brent Swap	46.42	121,400
Brent Option	44.27	193,100

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

3. RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(iii) Interest rate risk

The Company has significant interest-bearing assets in the form of short-term cash deposits. These are at fixed interest rates hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Company negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return.

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

All debts of the Company raised through bond issues bear fixed interest rates. Therefore, the Company is not exposed to interest rate risk.

The Company is not exposed to interest rate risk from its borrowings from Suva City Council, as it borrows funds at fixed interest rates.

In relation to the borrowings from other commercial banks, the Company to a certain extent is not exposed to interest rate risk as these borrowed funds are at fixed interest rates, for the agreed term. Thereafter, the interest rates are re-negotiated and new interest rates are agreed upon. The risk is managed closely within the approved policy parameters.

The Company did not enter into any interest swap contracts during the year.

(b) Credit risk

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

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

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure services are made to customers with an appropriate credit history. The Company does not have any policies that limit the amount of credit exposure to any one customer or group of customers.

Expected credit loss assessment for receivables as at 1 January 2020 and 31 December 2020

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

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

The following table provides information about the exposure to credit risk and ECLs for receivables from individual customers as at 31 December 2020:

	Weighted-average loss rate	Gross carrying amount \$'000	Loss allowance \$'000
31 December 2020			
Current – 30 days past due	0.17%	22,017	36
31 – 60 days past due	0.44%	4,692	20
61 – 90 days past due	1.62%	798	13
More than 90 days past due	24.05%	1,583	381
		29,090	450
Other debtors	0.17%	2,285	4
		31,375	454

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

3. RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP growth rates or inflation rates.

The movement in the allowance for impairment in respect of trade receivables and other receivables during the year is disclosed in note 9.

Impairment on other receivables has been measured on the 12 month expected loss basis.

Cash at bank and on hand

The Company held cash at bank of \$89,161,118 at 31 December 2020 (2019: \$70,716,467). The cash is held with a bank, which is rated Aa3 based on Moody's ratings.

Impairment on cash at bank and on hand has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash at bank and on hand have low credit risk based on the external credit ratings of the counterparties.

Debt investment securities

The Company held debt investment securities of \$125,000,000 at 31 December 2020 (2019: \$105,000,000). The debt investment securities are held with banks which are rated Aa3 to B2 based on Moody's ratings. In relation to debt investment securities held with banks the Company monitors changes in credit risk by tracking published external credit ratings but when external credit ratings are not available or published, the Company monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its debt investment securities held with banks have low credit risk based on the external credit ratings of the counterparties.

The Company recognised an impairment allowance of \$454,047 as at 31 December 2020 (2019: \$454,897).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure availability of funding. The Company monitors liquidity through rolling forecasts of the Company's cash flow position on daily basis. Overall, the Company does not see liquidity risk as high given that a reasonable portion of revenues are billed and collected.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows.

(d) Fair value estimation

The carrying value less allowance for impairment loss of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities and financial assets and provisions are estimated to approximate their fair values.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

3. RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Financial assets:	Less than one year \$'000	2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Short term deposits (Note 8(a))	124,736	-	-	124,736
Receivables (Note 9)	30,921	-	-	30,921
Derivative financial asset (Note 3.1(a))	4,129	-	-	4,129
Total	159,786	-	-	159,786

Financial liabilities:	Less than one year \$'000	2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade and other payables (Note 13)	37,659	46,526	56,952	141,137
Interest bearing borrowings (Note 15)	13,386	177,141	-	190,527
Derivative financial liability (Note 3.1(a))	946	-	-	946
Total	51,991	223,667	56,952	332,610

3.2 Other risk

(i) Regulatory risk

The Company's profitability can be significantly impacted by regulatory agencies established which govern and control the electricity sector in Fiji. Specifically, fuel surcharges, regulatory fees and electricity tariffs are regulated by the Fijian Competition and Consumer Commission (FCCC).

(ii) Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Company cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

(iii) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2019 and 2018 were as follows:

	31-Dec-20 \$'000	31-Dec-19 \$'000
Total borrowings (Note 15)	190,527	219,735
Less: Cash and cash equivalents (Note 8)	(213,897)	(175,621)
Net debt	(23,370)	44,114
Total capital and reserves	898,654	850,791
Total capital (total capital and reserves plus net debt)	875,284	894,905
Gearing ratio (net debt / total capital and reserves plus net debt)	-2.67%	4.93%

The decrease in the gearing ratio during the year resulted from the repayments of loans net amounting to \$29.21M in 2020.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The critical judgements and assumptions made in applying the accounting policies of the Company have been disclosed under following notes to the financial statements:

Note 2 (j) – Allowance for inventory obsolescence
 Note 2 (p) – Property, plant and equipment
 Note 2 (l) – Allowance for impairment on receivables
 Note 2(w) - Fuel Hedging

	2020 \$'000	2019 \$'000
5. OPERATING REVENUE		
ELECTRICITY SALES		
Commercial	161,996	176,668
Industrial	71,935	87,199
Domestic	88,530	90,678
Others	4,634	4,882
Total electricity sales	327,095	359,427
OTHER OPERATING REVENUE		
Bad debts recovered	3	8
Contract sales	1,259	1,285
Deferred income	2,066	2,526
Gain on disposal of plant and equipment	378	291
Lease rental - fibre optic	495	495
Power pole rentals	700	603
Rentals - others	12	17
Realised exchange gain, net	637	937
Sales and commissions	510	777
Service and licence fees	1,813	2,405
Training revenue	70	64
Total other operating revenue	7,943	9,408
Total revenue	335,038	368,835
6. PROFIT BEFORE INCOME TAX		
Profit before income tax has been determined after charging the following expenses:		
Allowance for impairment loss on trade and other receivables	97	(56)
Auditor's remuneration for auditing services	54	51
Professional fees for other services	449	608
Directors' fees	32	20
Depreciation on property, plant and equipments and right-of-use assets	45,813	43,025
Amortisation of intangible assets	387	394
Personnel costs	27,666	25,987

The electricity used internally by the Company in all its locations Fiji wide has been included as cost of producing electricity and therefore is not shown separately as electricity cost and revenue. EFL used \$157,241 of electricity internally in 2020.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

7. a) INCOME TAX EXPENSE

The prima facie income tax on the pre-tax profit reconciles to the income tax expense as follows:

Profit before income tax	82,669	79,276
Prima facie income tax payable at 20%	16,534	15,855
Tax effect of amounts which are not taxable in calculating taxable income:		
- Employee taxation scheme	(101)	(107)
- Amortisation of grant	(413)	(505)
- Tax effect of non - deductible items	(140)	289

Income tax expense attributable to profit	15,880	15,532
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Income tax expense comprises movements in:

Deferred tax assets	(187)	(169)
Deferred tax liabilities	4,595	5,637
Current tax liabilities	11,472	10,064
	15,880	15,532

b) DEFERRED TAX ASSET

The deferred tax assets consist of the following deductible temporary differences at future tax rates:

Allowance for impairment loss on accounts receivable and other financial assets	91	91
Unrealised exchange losses	405	218
	496	309

c) DEFERRED TAX LIABILITY

The deferred tax liabilities consist of the following taxable temporary differences at future tax rates:

Difference in carrying value of property, plant and equipment for accounting and income tax purpose	65,329	60,696
Right of Use Asset	(65)	(26)
	65,264	60,670

d) CURRENT TAX ASSETS/(LIABILITIES)

Movement during the year were as follows:

Balance at the beginning of the year	852	1,257
Income tax paid	6,582	9,368
Tax liability for the current year	(11,472)	(10,064)
Resident Interest Withholding Tax deducted at source	434	291
Balance at the end of the year	(3,604)	852

8. CASH AND CASH EQUIVALENTS

Short term deposits (a)	124,736	104,905
Cash at bank and on hand - EFL operation	25,245	9,233
USD bank account - off-shore	7,550	3,755
Project bank account - on-shore (b)	29,574	16,539
USD fuel payment bank account	24,206	30,997
USD hedge settlement bank account	2,586	10,192
Total cash and cash equivalents	213,897	175,621

(a) The short term deposit's amounting to \$60M is held with Bank of South Pacific (BSP) and \$65M is held with Home Finance Company Limited (HFC). The short term deposits has a maturity of three months or less from the date of inception. Accordingly, these deposits have been considered as cash and cash equivalents for the purpose of the statement of cash flows.

(b) The on-shore project bank account is in respect of funds committed to projects that are still in Work-in-Progress (WIP) or are yet to commence as at year end.

(c) The total Syndicate Banking facility available headroom at year end after the refinancing of the existing loans with ANZ Bank and FNPF was at \$134.4M.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

9. RECEIVABLES AND PREPAYMENTS

	2020 \$'000	2019 \$'000
Electricity debtors (a)	29,090	34,226
Other debtors	2,285	9,517
Prepayments and deposits	5,252	5,199
	36,627	48,942
Allowance for doubtful debts		
- Electricity debtors	(450)	(450)
- Other debtors	(4)	(5)
Total receivables and prepayments (net)	36,173	48,487

(a) Electricity debtors include receivable from Government of Fiji amounting to \$3.06M (2019: \$3.74M).

(b) The terms of trade for electricity debtors are 14 days from the date of billing.

Movements in the allowance for impairment loss of electricity debtors and other debtors are as follows:

Balance as at 1 January	455	511
Impairment loss during the year	(1)	(56)
Balance as at 31 December	454	455

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Current (F\$'000)	30 Days (F\$'000)	60 Days (F\$'000)	Over 60 Days (F\$'000)	Total (F\$'000)
2020	22,017	4,692	798	1,583	29,090
2019	28,308	3,219	494	2,205	34,226

The maximum exposure to credit risk at the reporting date is the fair value of each classes of receivables mentioned above less electricity deposits. The Company generally obtains security deposits in the form of bank guarantees and cash deposits from all electricity customers which is estimated based on two months electricity consumptions. The total carrying amount of security deposits in relation to the above trade receivables carried by the Company is \$44.7M (2019: \$44.2M). The rest are secured through bank guarantees maintained by the Company. The inflows and outflows from the security deposit is from new customers being connected and refunds to customers for closure of accounts mostly related to tenants moving from one flat to another.

10. INVENTORIES

Consumables - at cost	31,507	36,793
Goods in transit	291	332
Total inventories	31,798	37,125

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT	2020 \$'000	2019 \$'000
Freehold land		
At cost	28,943	28,943
Leasehold land		
At cost	16,163	16,163
Accumulated depreciation	(2,689)	(2,519)
	13,474	13,644
Buildings and improvements		
At cost	89,342	89,342
Accumulated depreciation	(23,971)	(22,804)
	65,371	66,538
Dam, tunnels, water conductor		
At cost	553,056	553,056
Accumulated depreciation	(116,091)	(105,758)
	436,965	447,298
Plant, equipment and transmission assets		
At cost	775,718	749,832
Accumulated depreciation	(339,246)	(311,898)
	436,472	437,934
Furniture and fittings		
At cost	36,000	35,250
Accumulated depreciation	(24,669)	(22,646)
	11,331	12,604
Wind mill		
At cost	34,393	34,393
Accumulated depreciation	(23,224)	(21,496)
	11,169	12,897
Motor vehicles		
At cost	28,096	27,526
Accumulated depreciation	(23,078)	(20,707)
	5,018	6,819
Capital spares		
At cost	5,143	5,123
Capital works in progress		
Rural & Urban Reticulation & System Reinforcement	40,263	38,484
33kv Outdoor Circuit-Western Region & Central	2,582	807
33Kv Cable Waqadra S/S To Denarau S/S	1,595	-
Switchgear & 110V DC System for Wailoa Project	3,092	3,929
33/11KV Zone Substation, Naikabula, Ltk	5,850	-
Virara Project	3,536	5,216
Generator Rehabilitation Project at Wailoa	13,753	4,303
Replacement Rust Refurbishment 4x Transmission & Telecom Towers	2,103	13,323
EFL's Backbone Communication Network Upgrade	1,391	591
2x132/33kv P/Transformers Cunningham Rd Sub	8,808	2,669
2x132/33kv P/Transformers Vuda Sub	8,082	3,054
2x15/18MVA 33/11kv P/Transformers Rarawai & Sigatoka Sub	4,925	2,033
2 x 25MVA Transformers Upgrade & Replacement, Kinoya	3,023	3,611
Rust Refurbishment 51 Towers 132kv Wailoa-Cunning	5,200	1,136
2x10/12MVA P/Transformers Suva Sub & Wailekutu	1,158	1,387
Establishment of a new 33/11kv zone subs Denarau	3,096	2,304
Others	10,434	6,244
	118,891	89,091
Total		
- At cost	1,685,745	1,628,719
- Accumulated depreciation	(552,968)	(507,828)
Closing net book value	1,132,777	1,120,891

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out as follows:

	Freehold land \$'000	Leasehold land \$'000	Buildings & improvements \$'000	Dam, tunnels and water conductor \$'000	Plant, equipment & transmission assets \$'000	Furniture & fittings \$'000	Wind mill \$'000	Motor vehicles \$'000	Capital spares \$'000	Capital work in progress \$'000	Total \$'000
Balance as at 1 January 2019	28,943	12,330	67,653	457,578	406,635	10,318	14,619	6,956	4,027	70,933	1,079,992
Additions	-	-	-	-	-	3,739	-	-	1,419	78,530	83,688
Disposals	-	-	-	-	-	(1)	-	(52)	-	-	(53)
Transfers	-	1,470	49	-	56,899	-	-	1,954	(97)	(60,372)	(97)
Depreciation charge	-	(156)	(1,164)	(10,280)	(25,600)	(1,452)	(1,722)	(2,039)	(226)	-	(42,639)
Balance as at 31 December 2019	28,943	13,644	66,538	447,298	437,934	12,604	12,897	6,819	5,123	89,091	1,120,890
Additions	-	-	-	-	-	750	-	-	285	56,256	57,291
Transfers	-	-	-	-	25,886	-	-	570	(27)	(26,456)	(27)
Depreciation charge	-	(170)	(1,167)	(10,333)	(27,348)	(2,023)	(1,728)	(2,371)	(238)	-	(45,378)
Balance as at 31 December 2020	28,943	13,474	65,371	436,965	436,472	11,331	11,169	5,018	5,143	118,891	1,132,777

a) Certain property, plant and equipment forming part of the Company's Power Infrastructure System are not insured for various risks including risk of losses arising from fire, cyclone, flooding, business interruption and others as the cost of insurance is significant.

b) In accordance with security arrangements in respect to secured borrowings from ANZ Bank, as discussed in Note 15 of the financial statements, property, plant and equipment have been pledged as security.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

	2020 \$'000	2019 \$'000
12. INTANGIBLE ASSETS		
Software License		
Gross carrying amount:		
Balance as at 1 January	7,952	7,952
Balance as at 31 December	7,952	7,952
Accumulated amortisation:		
Balance as at 1 January	(6,742)	(6,348)
Amortisation for the year	(387)	(394)
Balance as at 31 December	(7,129)	(6,742)
Net book amount	823	1,210

Software license are made up of the Company's Financial Management Information System, Payroll System, Billing System and other specialized Energy Monitoring Information System. The software license has been valued at cost and amortised by an impairment charge over its remaining life to arrive at the carrying amounts.

13. TRADE AND OTHER PAYABLES

Current

Trade creditors	10,702	18,294
Other creditors and accruals	14,726	10,347
VAT payable	1,224	51
Accrued interest	603	470
Customer security deposits	1,199	1,296
General extension refundable deposits	9,205	9,715
Total current trade and other payables	37,659	40,173

Non-Current

Customer security deposits	43,545	42,917
General extension refundable deposits	59,933	51,836
Total non-current trade and other payables	103,478	94,753

The customer security deposits relates to the reasonable cash deposit which is equivalent to two months electricity consumptions in accordance with the Electricity Act 2017. This is refunded to the customer when the electricity account is permanently closed. The general extension refundable deposits are the capital contribution from prospective customers or developer for the supply of electricity from the Company's nearest grid in accordance with the General Extension Policy. The amount is refunded to the customer over a period of 5, 6 and 8 years.

14. EMPLOYEE BENEFIT LIABILITY

Annual leave	1,316	1,250
Performance pay	2,207	2,197
Total employee benefit liability	3,523	3,447
Balance as at 1 January	3,447	3,109
Additional employee benefit liability provided during the year, net of payments	76	338
Carrying Amount as at 31 December	3,523	3,447
Employee numbers		
Number of full-time equivalent employees as at 31st December	876	867

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

15. INTEREST BEARING BORROWINGS	2020 \$'000	2019 \$'000
Current		
Term loans - ANZ Bank (a)	7,000	16,816
Term loans - BSP (b)	6,333	-
Term loan - Suva City Council (c)	53	51
Term Loans - FNPF	-	3,770
Total current interest bearing borrowings	13,386	20,637
Non-Current		
Bonds	-	8,000
Term loans - ANZ Bank (a)	87,452	145,607
Term loans - BSP (b)	24,838	-
Term loan - Suva City Council (c)	4,851	4,904
Term Loans - WBC (d)	60,000	-
Term Loans - FNPF	-	40,587
Total non-current interest bearing borrowings	177,141	199,098
Total interest bearing borrowings	190,527	219,735

(a) Term loans - ANZ Bank

The interest bearing borrowings from ANZ Bank are at competitive rates and are repayable on monthly instalments. The term loans from ANZ Bank are secured by:

- (i) First registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

(b) Term loan - BSP

The interest bearing borrowings from BSP Bank are at competitive rates and are repayable on monthly instalments. The term loans from BSP Bank are secured by first registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

(c) Term loan - Suva City Council

The term loan from Suva City Council (SCC) is subject to interest at fixed rate of 3% per annum and is unsecured. The loan is repayable over a period of 87 years in equal instalments of \$200,000 on 25th July each year until July 2065.

(d) Term loan - WBC

The interest bearing borrowings from WBC Bank are at competitive rates and are repayable on monthly instalments. The term loans from WBC Bank are secured by first registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

(e) Capitalised borrowing costs

The Company will be developing a 132kV transmission network from Virara settlement to Rarawai, Ba in consideration of the Fijian Government declaring the areas between Korovou to Ba in Viti Levu as tax free zone with a certain level of investment. This will enable sufficient and consistent power supply to the northern-western region of Viti Levu. The project will be financed via the syndicate banking facility.

The Company already borrowed \$2.85M in 2018 to start the survey and pegging works which is already completed and EPC tenders were called in 2020 for the construction of this project. The amount of borrowing costs capitalised during the year ended 31 December 2020 was \$55,564.

(f) Syndicate banking facility

EFL signed the Syndicate Banking Facility Agreement with ANZ, WBC and BSP Banks for a total credit commitment of \$335M, the largest ever syndicate credit facility signed by EFL. The allocation of the Syndicate Banking Facility is as follows:

Facility	Lender	FJ\$M
Working Capital / Letter of Credit	ANZ	15
Fixed Rate Facility	ANZ	60
Variable Rate Facility	ANZ	105
Fixed Rate Facility	BSP	95
Variable Rate Facility	WBC	60
Total		335

ANZ Bank New Zealand Limited is the appointed facility agent. As at year the available headroom of the facility was at FJ\$134.4M.

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

16.DEFERRED INCOME	2020 \$'000	2019 \$'000
EEC Grant In Aid		
EEC Grant in Aid	12,330	12,330
Less: accumulated amortisation	(10,640)	(10,157)
Closing balance - 31 December	1,690	2,173
Government Grant For Rural Electrification		
Government Grant for Rural Electrification (a)	94,898	101,490
Less: accumulated amortisation	(8,649)	(7,907)
Closing balance - 31 December	86,249	93,583
Australian Grant Cyclone Winston – Vehicle		
Australian Grant Cyclone Winston – Vehicle	140	140
Less: accumulated amortisation	(129)	(101)
Closing balance - 31 December	11	39
Government Grant - Somosomo Hydro		
Govt. Grant - Somosomo Hydro	14,642	14,642
Less: accumulated amortisation	(1,344)	(1,008)
Closing balance - 31 December	13,298	13,634
Government Grant - Waiyevo Taveuni		
Govt. Grant - Waiyevo Taveuni	6,296	6,296
Less: accumulated amortisation	(1,393)	(1,057)
Closing balance - 31 December	4,903	5,239
75% Non - Refundable Capital Contribution		
75% no-refundable capital contribution	5,547	4,933
Less: accumulated amortisation	(1,094)	(952)
Closing balance - 31 December	4,453	3,981
KOICA Grant - Taveuni Solar		
KOICA Grant - Taveuni Solar	5,510	-
Closing balance - 31 December	5,510	-
Total deferred income (net)	116,114	118,649

(a) In 2019, the Company received \$27.64M (Net) in the form of capital grant (as part of non-refundable capital contribution) from the Government of Fiji to assist in the construction of rural electrification schemes. Further, EFL invoiced Government for some \$7.3M in 2019 to fund certain rural electrification schemes. This amount remains outstanding at year end.

Reconciliation of the carrying amounts of deferred income at the beginning and end of the current financial year is set out as follows:

	EEC Grant In Aid	Government Grant For Rural Electrification	Australian Grant Cyclone Winston Vehicle	Govt. Grant Somosomo Hydro	Govt. Grant Waiyevo Taveuni	75% Non- Refundable Capital	KOICA Grant- Taveuni Solar	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 31 December 2018	2,656	80,519	67	13,969	5,573	1,586	-	104,370
Additions	-	13,638	-	-	-	3,167	-	16,805
Amortisation charge	(483)	(574)	(28)	(335)	(334)	(772)	-	(2,526)
Balance as at 31 December 2019	2,173	93,583	39	13,634	5,239	3,981	-	118,649
Additions	-	(6,592)	-	-	-	613	5,510	(469)
Amortisation charge	(483)	(742)	(28)	(336)	(336)	(141)	-	(2,066)
Balance as at 31 December 2020	1,690	86,249	11	13,298	4,903	4,453	5,510	116,114

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

17. CONTINGENT LIABILITIES

(a) Miscellaneous claims

No provision has been recorded in the financial statements for unsecured contingent liabilities mainly in respect of sundry court actions against the Company. The Company estimates such liability, if any, to be immaterial.

(b) Contingent liabilities exist with respect to the following:	2020 \$'000	2019 \$'000
Bank guarantee	63	35
Litigation claims - others	1,027	1,860
	1,090	1,895

18. LEASES

As a lessee

a) Right-of-use assets

Recognised as at 1 January		
Additions	25,205	23,949
Adjustments	1,636	1,698
Depreciation charge for the year	-	(56)
	(435)	(386)
Balance at 31 December	26,406	25,205

(b) Lease liabilities

Current	1,869	1,647
Non-Current	24,861	23,694
Total lease liabilities	26,730	25,341

Reconciliation of movement of liabilities to cash flows from financing activities.

	Interest Bearing Borrowings \$'000	Lease Liability \$'000	Total \$'000
Balance at 1 January 2020	219,735	25,341	245,076
Changes from financing cash flows			
Repayment of borrowings	(29,208)	(247)	(29,455)
Proceeds from borrowings	-	-	-
Additions, net	-	1,636	1,636
Total changes from financing cash flows	(29,208)	(1,389)	(27,819)
Other changes – liability related			
Interest expense	11,397	1,622	13,019
Interest paid	(10,490)	(1,622)	(12,112)
Net movement in accrued interest	(907)	-	(907)
Total liability related other changes	-	-	-
Balance at 31 December 2020	190,527	26,730	217,257

19. COMMITMENTS

a) Capital expenditure commitments

	2020 \$'000	2019 \$'000
Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements.	19,043	34,274
Projects approved by the Board but not contracted for at balance date	96,205	105,905

Capital expenditure commitments are in respect of the following projects: Rural & Urban Reticulation & System Reinforcement, 33kv Outdoor Circuit-Western Region & Central, 33Kv Cable Waqadra Substation to Denarau Sub Station, Switchgear & 110V DC System for Wailoa Project, 33/11KV Zone Substation Naikabula & Lautoka, Virara Project, Generator Rehabilitation Project at Wailoa, Replacement Rust Refurbishment 4x Transmission & Telecom Towers, EFLs Backbone Communication Network Upgrade, 2x132/33kV P/Tranfs Cunningham Rd Sub2x132/33kV P/Transformer Vuda Sub2x15/18MVA 33/11kV P/Tranformers Rarawai & Sigatoka Sub2 x 25MVA Transformer Upgrade & Replacement, KinoyaRust Refurbishment 51 Towers 132kV Wailoa-Cunning, 2x10/12MVA P/Transformer Suva Sub & Wailekutu Establishment of a new 33/11kv zone subs Denarau

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

(b) Operating lease revenue commitments

Operating leases contracted for the rental of fibre optic and power poles by the Company with the lessees are receivable as follows:

Later than one year	1,089	1,089
Later than one year but not later than five years	-	-
Total operating lease revenue commitments	1,089	1,089

(c) Other commitments

(i) The Energy Fiji Limited (EFL) has a commitment with Pernix (Fiji) Limited (PFL) whereby the PFL operates and maintains Kinoya and Vuda Power Stations at contractually determined rates for the Company. The power produced at these two Diesel Power Stations is directly connected with the main power grid of the EFL. PFL's contract with EFL will expire on 26 May 2028.

(ii) The Company also has commitment with various other Independent Power Producers (IPPs) for purchase of energy.

20. EVENTS SUBSEQUENT TO BALANCE DATE

a) The Government's process to introduce a new investor into EFL, as part of the active privatisation program, remains ongoing in 2020. On 25th March 2021, the Fijian Government entered into a Share Sale Agreement with Sevens Pacific Pte Limited, which is a consortium owned by Chugoku Electric Power Company ("CEPCO") and the Japan Bank for International Cooperation ("JBIC") to acquire 44% shareholding in EFL (acquiring 24% from Government and 20% from FNPF). Post the share acquisition, EFL will continue to operate in a manner consistent with its operation prior to this transaction. There is no definite timing for completion but both parties will endeavour to finalise the transaction as soon as possible.

b) On 31st January 2021, TC Ana headed to Fiji where it hit the Fiji group as a category 3 cyclone. The cyclone caused power disruptions and damage to the power line infrastructures as a result of strong winds and widespread flooding. EFL estimates that the cost of the power restoration to the affected areas in Fiji to be around \$4M.

No other matters or circumstances that arose since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in future financial years.

21. SIGNIFICANT EVENTS DURING THE YEAR

a) As part of the Covid-19 Government Supplementary Budget, the Government announced that in addition to the Government Electricity Subsidy of 48% of the cost of the first 100 units of electricity consumption per month applicable to the eligible subsidized customers of EFL, EFL will subsidize the remaining 52%. This is effective from April 2020 till March 2021 for domestic account holders and is applicable to subsidized domestic customers whose combined household annual income is \$30,000 or less and their first 100 units of electricity consumption in a month is fully subsidized with Government contributing 48% and EFL contributing 52%. EFL paid a total Covid-19 discount of \$4,927,534 in 2020.

b) The COVID-19 pandemic also impacted EFL's electricity demand for 2020. Initially, when the pandemic hit Fiji, the electricity demand declined significantly by 20% as compared to 2019 due to the lockdowns in Suva and Lautoka, closing of the international borders (which significantly affected the tourism industry in Fiji), industries that operated on reduced hours and those that were forced to close down. By the end of the year, the reduction in demand improved to a negative 9% in comparison to 2019.

c) EFL signed an addendum to the grant agreement for the climate resilient renewable energy development with Korea International Cooperation Agency (KOICA) who are funding the development of a 1MW Solar Power Plant in Taveuni. The project is expected to commence construction in 2021.

d) On Friday, 14th August 2020, EFL signed the Syndicate Banking Facility Agreement with ANZ, WBC and BSP Banks for a total credit commitment of \$335M, the largest ever syndicate credit facility signed by EFL. This is a historic occasion for the Company, as it explored innovative means to put in place a robust funding mechanism that addresses EFL's Risk Management through diversified lending strategic partners and leveraging the strength of its balance sheet to achieve more resilient and sustainable levels of funding structures to meet its growing capital investment projects and future funding requirements.

e) 2020 was an unprecedented year for EFL, apart from the COVID-19 pandemic, EFL also faced four (4) major cyclones namely TC Harold, TC Sarai, TC Tino and TC Yasa. These cyclones caused severe power disruptions and extensive damage to the power network infrastructures as a result of fallen trees, fallen power poles and power lines as well as widespread flooding. The FEL resources was stressed to its limit. EFL incurred a total of \$4,531,136 in Cyclone restoration costs in 2020.

f) Also as part of the Government Covid-19 Supplementary Budget announced in March 2020, Government approved that effective from 1st May 2020, an additional 20 cents/litre import duty be levied on the purchase of Industrial Diesel Oil (IDO). As a result of the additional 20 cents per litre import duty, EFL incurred an additional fuel cost of \$1,735,240 in 2020.

22. RELATED PARTY TRANSACTIONS

(a) Significant transactions (transaction value of over \$200,000) with related parties during the year ended 31 December 2020.

	2020 \$'000	2019 \$'000
Government guarantee fee expensed during the year (i)	265	430
Interest expense - FNPF (shareholder) loan	1,491	2,355

(i) The existing Government guarantee facility of EFL has expired on 31st December 2020 and no borrowings of EFL is secured via this guarantee. The Syndicate Banking Facility is secured via the Debenture Mortgage over the assets of EFL.

(b) Directors

The names of persons who were directors of the Company during the year 2020 are as follows:

Dakshesh Patel (Chairman)	Tevita Kuruvakadua (Term Expired - October 2020)
Gardiner Henry Whiteside (Deputy Chairman)	Viliame Vodonaivalu (Appointed - October 2020)
David Koli-tagane	Hasmukh Patel (Ex-officio Member)
Kamal Gounder	

The directors fees paid during the year were \$31,573 (2019: \$19,875).

Mr Dakshesh Patel is also the Chairman of FNPF, who holds 20% shareholding in EFL.

(c) Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly (whether executive or otherwise) of the Company.

During the year, the Chief Executive Officer and Executive Management Group were identified as the key management personnels.

The aggregate remuneration and compensation paid to key management personnel, for the financial year ended 31 December 2020 and 2019 were:

Salary, performance pay and allowances	2,644	1,997
Superannuation	143	187
Other benefits	99	3
Total	2,886	2,187

(d) During the year, the Company supplied electricity to the Shareholder and Shareholder related entities, Directors, related entities and executives at normal commercial rates, terms and conditions.

(e) Receivable/payable to related parties have been disclosed in respective notes to the financial statements.

(f) Viti Renewables Pte Ltd (VRL) was formed and registered on 17th January 2018, which is a Joint Venture between: EFL-51% and Sunergise-49%. The VRL did not generate any revenue in the Financial Year 2020.

23. SHARE CAPITAL

Issued and paid up 500,000,000 shares	750,000	750,000
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The \$750M share capital is made up of 500,000,000 shares. Out of the 500,000,000 shares, 75% (375,000,000 shares) is currently retained by Government, 20% (100,000,000 shares) held by FNPF and 5% (25,000,000 shares) to be issued to the Non-Voting Shareholders (domestic customers of EFL). Out of the 25,000,000 shares approved for the 5% non-voting shareholders, 7,282,050 shares were issued as at 31 December 2020 and the balance of 17,717,950 shares were held in trust with the Central Share Registry Pte Limited (CSRL).

Notes To And Forming Part Of The Financial Statements For The Year Ended 31 December 2020

24. RESERVES

Hedge reserve

The hedge reserve is used to recognise the effective portion of changes in the fair value of cash flow hedging instruments. If the hedging instrument no longer meets the criteria for hedge accounting, is expired or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedge reserve remains there until the forecast transaction is recognised in profit or loss.

	2020 \$'000	2019 \$'000
Hedging reserves	1,957	1,760

25. DIVIDENDS DECLARED AND PAID

Dividends paid	19,123	30,000
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The Board declared and paid \$19.1M dividend to its shareholders based on 30% of the after tax profit for 2019.

Network Statistics

Transmission & Sub-Transmission Central										
District	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Wailoa - Cunningham	62	62					1	1	100	100
Cunningham - Kinoya 'A'					3	3	1	1	100	100
Cunningham - Kinoya 'B'					3	3	1	1	128	128
Cunningham - Vatuwaqa					4	4	1	1	36	36
Cunningham - Hibiscus Park 'A'					8	8	1	1	26.6	26.6
Cunningham - Hibiscus Park 'B'					8	8				
Cunningham - Rokobili					4.5	4.5				
Rokobili - Hibiscus Park					0.5	0.5				
Cunningham - Sawani			10	10	1	1	1	1	36	36
Vatuwaqa - Knolly					4.5	4.5	1	1	30	30
Knolly - Suva					1.3	1.3	1	1	69	69
Kinoya - Vatuwaqa					4	4				
Kinoya - Nausori			12	12	2	2	1	1	15	15
Nausori - Sawani			6	6	2	2				
Hibiscus Park - Wailekutu					6	6	1	1	6.25	6.25
Hibiscus Park - Suva					3	3				
Wailekutu - Deuba			38	38			1	1	6.25	6.25
Cunningham - Komo					6	6	1	1	30	30
Komo - Hibiscus Park					3	3				
TOTAL	62	62	66	66	63.8	63.8	12	12	583.1	583.1

Transmission & Sub-Transmission Western										
District	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Wailoa							2	2	10.5	10.5
Wailoa - Nadarivatu	23.4	23.4					1	1	56	56
Nadarivatu - Vuda	56.6	56.6					2	2	97.5	97.5
Nadarivatu SS to PS	5.2	5.2								
Vuda - Pineapple Corner A			8	8	1	1	1	1	30	30
Vuda - Rarawai			32	32			1	1	12.5	12.5
Vuda - Rarawai Tee-off to Pineapple Corner			2	2	1	1				
Rarawai - Vatukoula			19	19			1	1	10	10
Vatukoula - Tavua			4	4	2	2	1	1	6.25	6.25
Tavua - Volivoli			48.7	48.7	0.05	0.05	1	1	5	5
Vuda - Sabeto			8	8			1	1	5	5
Nagado - Sabeto			10	10			1	1	3	3
Sabeto - Qeleloa (tee-off to Waqadra)			13.5	13.5						
Vuda - Voivoi			10.4	10.4	0.23	0.23		1		12.5
Voivoi - Waqadra			1.89	1.89	2.17	2.17				
Vuda - Waqadra C			10.1	10.1	4.15	4.15	1	1	40	40
Vuda - Waqadra D			10.1	10.1	4.15	4.15				
Waqadra - Momi			32.6	32.6	0.1	0.1	1	1	5	5
Qeleloa - Sigatoka			53.5	53.5			1	1	5	5
Qeleloa					1	1	1	1	15	15
Maro							1	1	2	2
Maro-Natadola					5	5	1	1	10	10
Sigatoka - Nococolevu			3.5	3.5			1	1		
Nococolevu-Korolevu			21	21			1	1	6.25	6.25
Wailoa - Wainikasou			29	29			1	1	10	10
TOTAL	85.2	85.2	317.279	317.279	20.845	20.845	21	22	329	341.5

Network Statistics (cont'd)

Transmission & Sub-Transmission Northern

District	33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2019	2020	2019	2020	2019	2020	2019	2020
Labasa					1	1	8.5	8.5
Labasa - Seaqaqa	33.78	33.78			1	1	2.5	2.5
Seaqaqa - Dreketi	34.33	34.33			1	1	6.25	6.25
TOTAL	68.11	68.11	0	0	3	3	17.25	17.25

Distribution Network Central

District	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA		Installed KVA	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Deuba	183.581	187.104	138.592	142.037	19.355	19.355	41.309	41.309	256	265	28408	28958
Lami	81.8809	84.2989	71.6147	73.7447	45.772	46.322	4.003	4.003	187	191	52791	53103
Suva	17.51	17.634	149.811	150.611	223.693	224.725	46.647	46.667	243	250	134617	137117
Kinoya	140.564	140.999	213.363	214.686	65.268	65.808	34.048	34.048	343	350	100588	103204
Nausori	342.237	344.899	370.977	376.141	23.05	23.05	3.649	3.649	560	567	53219	54128
Korovou	375.356	386.762	310.078	323.271	2.758	2.758	0.254	0.254	394	419	7834	8189
Wailoa	12.122	18.223	6.195	7.494	0	0	0	0	20	23	304	352
TOTAL	1153.2509	1179.9199	1260.6307	1287.9847	379.896	382.018	129.91	129.93	2003	2065	377761	385051
Increase	26.669		27.354		2.122		0.02		62		7290	
% Increase	2%		2%		0.6%		0.02%		3%		2%	

Distribution Network Ovalau

District	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				Substations		Installed KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage		2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020	2019	2020				
Levuka	60.274	60.274	44.679	44.679	1.18	1.18	0	0	63	63	5837	5837
Increase	0.000		0.000		0		0		0		0	
% Increase	0%		0%		0.0%		0.0%		0%		0%	

Distribution Network - Vanualevu

District	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				Substations		Installed KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage		2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020	2019	2020				
Labasa	442.457	442.562	824.574	826.499	12.18	12.18	4	4	471	476	25799	25920
Seaqaqa	59.641		63		75.059		77.888		0.412		0.412	
Dreketi	54.331		58.924		33.572		38.604		0.155		0.155	
Savusavu	148.418		148.688		105.522		107.066		7.416		7.416	
TOTAL	704.847		713.174		1038.727		1050.057		20.163		20.163	
Increase	8.327		11.33		0		0		15		590	
% Increase	1%		1%		0%		0%		2%		2%	

Distribution Network - Taveuni

District	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				Substations		Installed KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage		2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020	2019	2020				
Taveuni	24.067	24.067	31.294	31.294	0.1	0.1	0	0	35	35	2205	2205
Increase	0		0		0		0		0		0	
% Increase	0%		0%		0%		0%		0%		0%	

Distribution Network - Western

District	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				Substations		Installed KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage		2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020	2019	2020				
Sigatoka	398.575	402.598	563.807	568.698	6.668	6.668	10.764	10.809	514	526	36545	36803
Nadi - Tavua	1494.8515		1511.9645		1974.3639		1997.3769		212.446		212.821	
Rakiraki	319.991		370.478		275.277		313.306		7.2		7.24	
TOTAL	2213.4175		2285.0405		2813.4479		2879.3809		226.354		226.729	
Increase	71.623		65.933		0.375		0.275		102		7852	
% Increase	3.2%		2.3%		0.2%		0.3%		3.3%		2.9%	

Generation Statistics For The Past 11 Years

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Units Generated Wailoa Hydro Mwh	382,963	424,818	466,765	420,195	314,341	320,875	384,451	381,527	433,970	454,262	451,608
Units Generated Wainiqueu Hydro Mwh	898	1,968	1,027	2,056	983	834	718	448	129	877	397
Units Generated Wainikasou Hydro Mwh	19,238	19,404	18,721	5,935	15,027	19,895	21,258	20,912	21,712	18,230	23,024
Units Generated Nagado Hydro Mwh	10,520	10,279	8,856	611	3,080	11,357	3,296	-	-	-	-
Units Generated Nadarivatu Hydro Mwh			29,892	98,600	67,537	52,988	85,765	86,075	108,739	83,497	80,628
Units Generated Somosomo Hydro Mwh								2,227	2,159	2,526	2,516
Total Generated Hydro MWh	413,619	456,469	525,261	527,397	400,968	405,949	495,488	491,189	566,709	559,392	558,173
Units Generated in VLIS Diesels MWh	236,356	211,767	94,215	94,425	230,957	227,042	83,283	116,470	69,136	54,552	11,546
Units Generated Diesel Others MWh	52,537	44,453	48,187	46,971	49,605	47,258	49,615	50,609	54,866	51,812	50,047
Units Generated HFO Kinoya & Vuda	126,237	83,540	128,881	183,359	173,477	206,122	291,609	323,879	299,739	343,258	288,377
Total Generated Thermal MWh	415,130	339,760	271,283	324,755	454,039	480,422	424,507	490,958	423,741	449,622	349,970
Unit Generated from Butoni Wind Farm	6,420	4,977	6,809	5,348	4,269	5,674	3,632	2,083	2,558	3,419	1,136
Total Generated Wind & Solar MWh	6,420	4,977	6,809	5,348	4,269	5,674	3,632	2,083	2,558	3,419	1,136
Total EFL Generation (MWh)	835,169	801,206	803,353	857,500	859,276	892,045	923,628	984,230	993,009	1,012,433	909,278
Generation - Independent Power Producers	19,800	35,975	38,902	14,719	32,513	22,350	10,580	23,483	39,939	48,816	67,094
Total Generation (MWh)	854,969	837,181	842,255	872,219	891,789	914,395	934,208	1,007,713	1,032,947	1,061,249	976,372
Made up of											
Total VLIS Generation (MWh)	781,734	754,785	754,139	808,473	808,687	843,953	873,294	930,945	935,855	957,218	856,318
Total Other Generation (MWh)	53,435	46,421	49,214	49,027	50,589	48,091	50,334	53,285	57,154	55,215	52,960
Station Auxilliary usage MWh	9,268	8,952	8,343	9,196	10,130	8,106	11,281	11,873	12,139	12,574	12,575
Auxiliaries as % of Generation	1.11%	1.12%	1.04%	1.07%	1.18%	0.91%	1.22%	1.21%	1.22%	1.24%	1.38%
% contribution from Hydro	49.53%	56.97%	65.38%	61.50%	46.66%	45.51%	53.65%	49.91%	57.07%	55.25%	61.39%
% contribution from Thermal	49.71%	42.41%	33.77%	37.87%	52.84%	53.86%	45.96%	49.88%	42.67%	44.41%	38.49%
% contribution from Wind & Solar	0.77%	0.62%	0.85%	0.62%	0.50%	0.64%	0.39%	0.21%	0.26%	0.34%	0.12%
% increase / (decrease) in Hydro Generation	-10.12%	10.36%	15.07%	0.41%	-23.97%	1.24%	22.1%	-0.9%	15.4%	-1.3%	-0.2%
% increase / (decrease) in Thermal VLIS Generation	36.18%	-18.56%	-24.45%	24.51%	45.59%	7.10%	-13.5%	17.5%	-16.2%	7.8%	-24.6%
% increase / (decrease) in Total Thermal Generation	33.95%	-18.16%	-20.15%	19.71%	39.81%	5.81%	-12%	16%	-14%	6%	-22%
% increase / (decrease) in Total Generation	7.44%	-4.07%	0.27%	6.74%	0.21%	3.81%	4%	7%	1%	2%	-10%
Maximum Dam Level (AMSL)	739	743	747	743	736	742	747	746	746	746	746
Minimum Dam level (AMSL)	727	735	731	730	724	734	739	734	734	730	730



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