




# ENERGY FIJI LIMITED

## 2022 Annual Report



“ We power on to provide clean and affordable energy solutions to Fiji”

# Table of Contents

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05	About Us
06 - 07	The Board of Directors & the Executive Management Team
08	2022 at a Glance
09	Corporate Governance
12	Chairman's Report
19	Board Key Performance Indicators
20	Chief Executive Officer's Report
38 - 39	Map of EFL Power Infrastructure
40	Financial Statements
84 - 86	Statistics



### ***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*

*Compliance*



## ABOUT US



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 until 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 from that day.

# BOARD OF DIRECTORS



**DAKESH  
PATEL**  
Chairman



**GARDINER  
WHITESIDE**  
Director



**KOICHI  
TSUNEMATSU**  
Director



**HASMU KH  
PATEL**  
Director

# EXECUTIVE MANAGEMENT TEAM



**HASMU KH  
PATEL**  
Chief  
Executive  
Officer



**CHITOSHI  
FUKUDA**  
Deputy Chief  
Executive  
Officer



**BOBBY  
NAIMAWI**  
Chief  
Financial  
Officer/ Board  
Secretary



**EPELI  
MALO**  
Acting General  
Manager  
Generation



**ANNABEL  
DUCIA**  
General  
Manager  
Customer  
Services



**CHITOSHI  
FUKUDA**  
Director



**SHIRI  
GOUNDER**  
Director



**SO  
HORIKIRI**  
Director



**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



**KRISHNEEL  
PRASAD**  
General  
Manager  
Special  
Projects



## 2022 AT A GLANCE



Profit after Tax  
**\$58.11M**

From \$66.59M in 2021



Dividends Declared and Paid  
**\$46.61M**

From \$20.04M in 2021



Fuel Costs  
**\$138.29M**

From \$77.76M in 2021



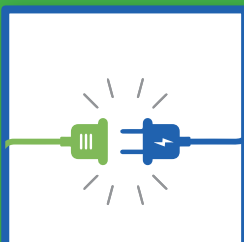
Shareholder Value  
**\$951.56M**

From \$946.08M in 2021



Total Assets  
**\$1.52B**

From \$1.50B in 2021



Total New Connections  
**6,645 new Connections**

From 6,314 in 2021



Electricity Sales  
**\$371.39M**

From \$318.91M in 2021



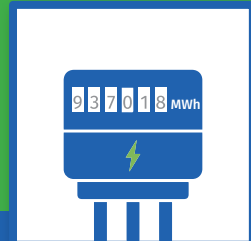
Total Loans  
**\$166.68M**

From \$184.73M in 2021



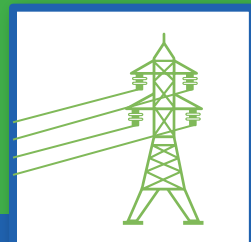
Number of Employees  
**855**

From 877 in 2021



Total Electricity Produced  
**1,081,461 MWh**

From 937,018 MWh in 2021



Power Line Route  
**11,546.31 km**

From 11,348.91 km in 2021



Total Customers  
**214,628**

From 210,320 in 2021

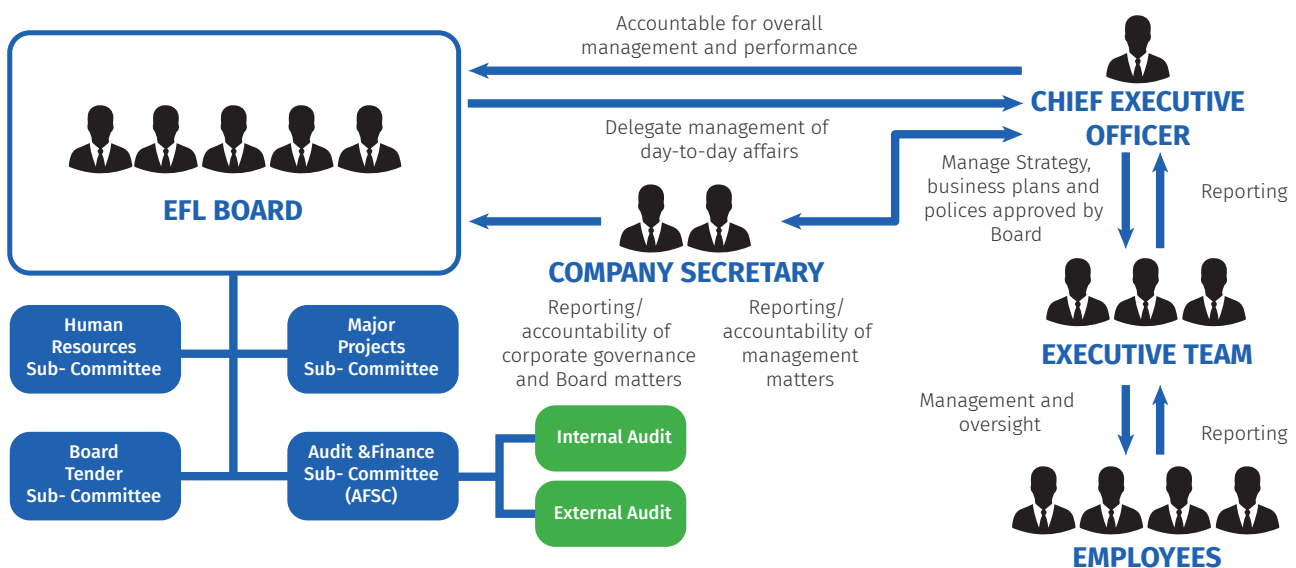




# CORPORATE GOVERNANCE

Energy Fiji Limited is committed to ensuring that its Corporate Governance Framework, Policies and Practices are of a high standard. Delivering on this commitment requires EFL to have a sound understanding of current governance requirements and practices, as well as being attuned to emerging governance trends and evolving stakeholder expectations. EFL's Corporate Governance outlines EFL's arrangements in relation to its Board, Board Sub-Committees, Executive Management Team, Risk Management Framework and financial reporting, diversity and inclusion, key corporate governance policies and shareholder engagement.

The EFL Board believes that best practice Corporate Governance Standards support sustainable performance by EFL over time. EFL's Governance Framework is summarized below:



## EFL BOARD

The Board is responsible for the governance of EFL. The role of the Board is to safeguard EFL's interests and to protect and foster sustainable value creation while taking into account the reasonable interests of shareholders, employees, customers, the communities in which EFL operates and other relevant stakeholders. The Board reviews and approves EFL's strategic direction and provides oversight of management. Additionally, the Board is responsible for guiding EFL's corporate culture by establishing the "tone from the top" and by monitoring the implementation of, and broader adherence to, EFL's core Values, policies and related processes. This includes monitoring EFL's approach to the management of both financial and non-financial risks, such as its exposure to environmental risks, safety risks, potential damage to EFL's reputation and the interests of broader stakeholders.



EFL Board Meeting held at the EFL Head Office in Suva, attended by the Government and Sevens Pacific Directors.



**BOARD MEETINGS**

There were seven (7) Board meetings held in 2022 as tabulated below:

Board Directors			
Director	Designation	No. of Board Meetings Attended	Eligible to Attend
Daksesh Patel	Board Chairman	4	7
Gardiner Whiteside	Director	6	7
Shiri Gounder	Director	4	7
Koichi Tsunematsu	Director	7	7
Chitoshi Fukuda	Director & Deputy Chief Executive Officer	7	7
So Horikiri	Director	7	7
Hasmukh Patel	Director & Chief Executive Officer	7	7

**RISK MANAGEMENT**

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business.

At EFL, we regularly face business uncertainties and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. Despite ongoing challenges, such as the COVID pandemic and global supply chain disruptions, our performance continues to highlight the resilience of our people, our business model, and our proven track record of delivery through these challenging times.

In 2022, EFL management continued the implementation of risk mitigation strategies to address those 20 most critical areas identified in a comprehensive risk-review workshop, conducted in May 2022. The Risk Consultant from Marsh Ltd conducted the workshop, which was attended by the Executive Management team and the Senior Managers of EFL. The risks identified in the workshop are subject to regular monitoring so that appropriate action plan is implemented and risks are mitigated.



The EFL CEO, CFO and Manager Risk & Insurance during the negotiation for the EFL Insurance renewal (MD/BI) with the Insurance Broker at Marsh, London office.



## CODE OF CONDUCT

EFL has a Code of Conduct that applies to EFL and its Directors, employees and contractors and sets out the standards of responsibility and ethical conduct required of 'our People'. EFL's commitments under the Code of Conduct are as follows:

- We act with integrity always.
- We observe the law, our obligations, voluntary commitments and internal standards.
- We value and maintain professionalism in all of our dealings and deliver our best.
- We respect privacy and confidentiality.
- We manage conflicts of interest.
- We look after our people and care for the environment in every action.
- We recognize our responsibilities to our stakeholders with a view to shaping tomorrow.
- We uphold our values and behaviors and strive to work better together.

## WHISTLEBLOWING

EFL's Whistleblower Protection Policy encourages reporting of suspected, unethical, illegal or undesirable behavior and promotes a culture of honest and ethical conduct. It also allows third party whistleblowers to report on EFL employees and other stakeholders and to speak up regarding any concerns that EFL or its people are failing to meet ethically or comply to legal standards. Any material incidents or breach are reported to the Board.

## ANTI-BRIBERY AND CORRUPTION

EFL's Anti-Bribery, Corruption and Fraud Policy prohibits any EFL activities that cause, support, or conceal corruption or bribery in any form. Any material breaches are reported to the Board.

## INTERNAL AUDIT

In accordance with its Charter, the role of EFL's Internal Audit Department is to provide independent and objective assurance to the Board Audit and Finance Sub-Committee (AFSC) and Executive Management on the effectiveness of governance, risk management, and internal controls to support and assist EFL to achieve its strategic objectives. This is achieved by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of EFL's risk management, control and governance processes. Internal Audit's activities include, but are not limited to, evaluating the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on EFL. Findings and recommendations for improvement from these periodic reviews are reported to the AFSC for their review and also to monitor the effectiveness of EFL's Compliance Management System.



A total dividend of \$46.61M was declared and paid out to the EFL Shareholders in 2022.



# CHAIRMAN'S REPORT

DAKSESH PATEL - EFL CHAIRMAN

At Energy Fiji Limited (EFL), we are on a journey to set benchmarks and consistently innovate to explore new solutions to meet the energy needs of the present and the future. Today, more than ever, we have a responsibility to all our stakeholders and the Fijian economy at large, to find such solutions that usher in a sustainable tomorrow.

At EFL, we believe that access to energy is an enabler for creating a much larger socio-economic impact in the Fijian economy. With more than 50% of EFL's electricity sources already generated by renewables, we are committed to utilise exclusively renewable energy sources by 2050.

The continuous commitment, contribution and knowledge of our Board of Directors, Management and employees help in delivering sustained value to our customers, investors, and all other stakeholders.

2022 has seen the world navigate significant uncertainty and challenges across all aspects of life – managing the COVID-19 pandemic; increasing weather and climate change events; and the impact of the Russia - Ukraine conflict, all of which influence energy price escalation and have seen communities experience tightening global supplies and rising prices on all commodities. EFL was no exception. Working with the EFL Board, the Fijian Government & the EFL Management, Energy Fiji Limited has acted decisively to ensure that we 'keep the lights on' for our customers and the communities at large, despite the ongoing challenges that we faced.

EFL rose above these challenges and recorded a profit before tax of FJ\$70.99M in 2022. This level of profitability was achieved due to the good hydrology at Monasavu and Nadarivatu hydros, hedge gains recorded in 2022 using instruments that protects the fuel budget and prudent operational and financial management of EFL.

## NEW OPPORTUNITIES THROUGH PROVEN FUNDAMENTALS

Following corporatization, EFL remains wholly committed to its basic corporate fundamentals. Our main 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.

This year, EFL carried out a review of its 10-year Power Development Plan (PDP) up to 2031. EFL's PDP is reviewed every 2 years and covers the master development programme to improve all elements of power systems of Fiji, to ensure adequate and efficient power supply at reasonable cost. This assignment is to carry out load forecast, prepare generation plan and network plan to meet the demand for Viti Levu, Vanua Levu, Taveuni and the Ovalau Power Systems.

The demand for electricity is forecasted to continue to increase over the next 10-year period. A number of projects are therefore planned to be implemented over the next five-year period to enable EFL to meet the increasing power demand, with a key part being the rapid transition to renewables.

EFL PDP provides a roadmap for the development of generation, transmission and distribution infrastructures to meet the forecasted growing electricity demand, and the 10-year PDP study carried out in 2022 shows that a total capital investment of around FJ\$4.27B will be required in the development of generation and network infrastructures as follows:

- Power Generation Projects – \$2.97B, includes all hydro power plants which are expected to be commissioned by 2031 such as the Qaliwana/Upper Wailoa diversion, Lower Ba Cascade Hydro Schemes; (Vatutokotoko, Senibobo and Toge).
- Transmission and Sub-transmission Network Development Projects – \$1.12B; and further \$0.18B for Distribution Projects.

The power generation projects can either be developed by EFL if the project is technically and financially viable; through a Joint Venture; or via Independent Power Producers. The investments in the power network systems are also essential, ensuring that the energy generated from the new power generation sources, developed by either EFL or IPPs, is successfully evacuated to the load centres to meet the ever-growing demand of electricity and assist Government to grow Fiji's economy.

With Sevens Pacific Pte Limited from Japan, now a strategic partner of EFL, there will be increased collaboration between EFL and Sevens Pacific JV partners, Chugoku Electric Power Co., Inc (CEPCO) and Japan Bank of International Cooperation (JBIC) regarding the development of EFL's future plans.



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.

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

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

The Balance Sheet of EFL as at end of December 2022 is in a very strong position and is attributed to the solid profits recorded by EFL in 2022, strong retained earnings carried forward from prior years, as well as prudent debt management ensuring debt servicing is carried out in a timely manner without any default. EFL's total assets are more than twice the total liabilities in the ratio 2.7:1 and shows that EFL is in a healthy and strong position.

The Debt-to-Equity ratio has also improved to 59% Equity and 41% Debt as at end of December 2022, and shows that EFL has added significant shareholder value over the years and continues to service its debt obligations conscientiously without defaulting.

The total debt of EFL, as at the end of December 2022, stands at \$166.68M. This has decreased by \$18.05M (net) as compared to the loan balance of around \$184.73M reported, as at end of December 2021, 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 made from January to December 2022. There is no government guaranteed borrowings on EFL's Balance Sheet.

#### **Fiji and EFL welcomed largest-ever private sector investment from Japan**

The Fijian Government entered into an agreement in March 2021 under which a consortium, namely Sevens Pacific Pte Limited, owned by The Chugoku Electric Power Co., Inc., and Japan Bank for International Cooperation ("JBIC") acquired 44% shareholding in Energy Fiji Limited.

The investment by CEPCO and JBIC is the culmination of an exhaustive process to identify a highly experienced and credentialed international partner to acquire a stake in EFL. It was a critical objective of any transaction that the investor not only offer a financial investment to Fiji, but also contribute with their operational expertise and experience in electricity planning and development.

As a strategic partner of EFL, CEPCO has been supporting EFL with world-class practices in terms of cost-efficient, reliable operation and maintenance of facility; and well-planned and environment-friendly capacity development especially in the field of renewable energies. With Chugoku's operational capacity and expertise at its disposal, EFL can perform better for the Fijians who rely on our services today, while transforming into the driving force behind Fiji's renewable energy revolution.

CEPCO's exceptional track record as an international, integrated electricity utility made them the ideal candidate for the divestment. With CEPCO and JBIC as strategic shareholders, EFL will have the ability to tap into world-leading operational expertise, project delivery experience, technology and financial capacity to support the company in meeting the growing electricity demand of the nation and its renewable energy targets, while also providing reliable and affordable electricity to all Fijians.

Fiji is wholly committed to an ambitious net-zero carbon emission target and plans to transition away from fossil fuels and to utilise exclusively renewable energy sources by 2050. With more than 50% of EFL's electricity



EFL welcomed the Deputy Governor of JBIC, Mr. Amakawa and the JBIC Officials at the EFL Head Office, Suva.

already generated by renewable sources, Fiji is well placed to achieve its long-term targets with the expertise and capital of CEPCO and JBIC.

EFL has found a reputable partner for change in CEPCO as it prepares to spearhead Fiji's transition to carbon neutrality in future. Despite the obvious challenges the COVID pandemic has posed for cross-border agreements, Fiji and Japan has more than 52-year diplomatic relationship with the single-largest investment ever made by a Japanese company in Fiji.

#### Chugoku Electric Power Company (CEPCO)

CEPCO will continue to contribute to the management of EFL including the power generation, transmission and distribution, retail business, and new electric power-related business, by leveraging the technologies and experience cultivated in the domestic and overseas electric power business and from the following perspectives:

- Strategic plan;
- Financial Planning, Demand Forecasting, Tariff renewal and Sales Planning, Fuel Procurement and Planning, Recruitment and Education, Human Resources Utilization and Succession Planning to prevent employees from leaving EFL;
- Power and Network Development Plan;
- Development of hydro, solar and network facilities in line with the Power Development Plan;
- Operation and Maintenance Plan;
- Operation and maintenance procedures for hydro, solar and network facilities;
- Information technology; and
- Corporate Governance and Business Compliance.



EFL together with Civil Engineers from Chugoku at one of the potential Hydro Site in the interior of Viti Levu.

#### Japan Bank for International Cooperation (JBIC)

JBIC has built partnership with the United States of America and Australia for potential projects in sectors such as infrastructure and energy, in the Indo-Pacific region in order to maintain and promote the "Free and Open Indo-Pacific" concept based on the Japanese Government's policy. As part of this, in November 2018, JBIC signed a Memorandum of Understanding with Overseas Private Investment Corporation (OPIC), currently the International Development Finance Corporation (DFC) of the USA, Department of Foreign Affairs and Trade (DFAT), and Export Finance and Insurance Corporation (EFIC), currently Export Finance Australia (EFA). The investment in EFL will lead to a relationship with the Republic of Fiji and further reinforcement of efforts to maintain and promote the "Free and Open Indo-Pacific" concept by developing high quality infrastructure projects in Fiji. JBIC, together with CEPCO, has held several discussions with EFL and relevant bi-lateral / multi-lateral public financial institutions to promote the business of EFL and CEPCO. JBIC will continue to provide support to assist the overseas expansion of CEPCO's business, maintain and improve the international competitiveness of Japanese industry, and would work together with EFL, which has set high targets for introducing renewable energy, to realize a decarbonized society.

## Looking Forward to the Future

### 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.

Some of the projects EFL will explore and develop to realise its Renewable Energy Plan are:

- 1 Commencing in 2019, the feasibility study for Qaliwana hydro-electric scheme with Upper Wailoa Diversion, reached its final stage with a draft feasibility study report submitted and key findings of the presented to stakeholders. The potential hydro-electric scheme includes diversion of water from the Upper Wailoa catchment area into Qaliwana river and development of a dam and power-station on Qaliwana river. The scheme enables enhancement of the existing Nadarivatu hydro-electric scheme, resulting in increased energy production and power generation capacity out of Nadarivatu hydro-power station. Upon receipt of final feasibility study report, EFL plans to have the findings peer reviewed before the EFL Board decides on the way forward for the project.
- 2 Detailed feasibility study was undertaken for the Vatutokotoko hydro-electric scheme, which is the first of three in a cascade of hydro-electric schemes on the Ba River, by Studio Pietrangeli through extension of grant funding for the Qaliwana hydro-electric scheme. Upon receipt of final feasibility study report, EFL plans to have the findings peer reviewed before the EFL Board makes a decision.



- 3 Namosi Hydro-Electric Scheme Development – the Australian Infrastructure Financing Facility for the Pacific (“AIFFP”) has agreed to conduct a detailed feasibility study for the Namosi hydro-electric scheme, under a financial grant assistance. Detailed feasibility study will commence in 2023, and could take approximately 18-24 months to complete. EFL is planning to install hydrometric gauging stations in the river basin under this project.
- 4 Development of 132kV Transmission Network from Virara Settlement to Rarawai, Ba – The Fijian Government 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, 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; • 132/33kV substation at Koronubu, Ba; and
- Linking the Koronubu substation to Rarawai and Tavua substations.
- The transmission line route was initially identified in 2016 and typically, the land is low lying and almost flat for the first 12km route from Koronubu. Steel pole structures have been considered for this section of the line as the land is generally used for sugar cane farming.
- Approximately 6km of the route lies along the Fiji Sugar Corporation tram line, with the remaining 18km of the country is hilly and is generally used for grazing and pine plantation. Steel lattice towers are being considered for this section of the line.
- Sterling and Wilson Pvt. Limited, of India, entered into an engineer-procure-construct (“EPC”) contract with EFL in December 2021 for delivery of a significant proportion of the 132kV transmission network development work. This includes the design and construction of the 132kV switching station at Virara, 132kV transmission line from Virara to Koronubu and the 132kV/33kV substation at Koronubu.
- The detailed design for the new 132kV transmission network infrastructure has significantly progressed in 2022, with new steel monopoles and lattice tower designs being completed and manufacturing also significantly progressing.
- Major plant designs for the 132kV switching station at Virara and 132kV/33kV substation at Koronubu have also been finalized and manufacture is progressing. EFL, on its part, has extended the 11kV grid to both Koronubu Substation and Virara Switching Station for station auxiliary supply, and commenced the construction of the 33kV interconnecting lines from Koronubu Substation to existing Rarawai Substation in Ba and Tavua Substation.
- Work on the project is expected to progress in 2023. This new 132kV Transmission Network will be used to evacuate power from the existing Monasavu/ Nadarivatu Hydros and will be used to evacuate power from the new hydro-projects and such as Qaliwana and Lower Ba to the load centres.



**EFL received steel monopoles and lattice towers for the new 132kV Virara to Koronubu Network project.**

- 5 Dratabu 5MW Grid – Connected Solar Power Plant – EFL executed a Power Purchase Agreement with Sunergise Dratabu Pte Limited for the development of a 5MW grid-connected solar photo-voltaic power plant at Dratabu, Qeileoa. As part of fulfilling its obligations under the Power Purchase Agreement, Sunergise Dratabu Pte Limited has been working on obtaining regulatory and agency approvals for the development of the 5MW grid-connected solar photo-voltaic power plant. This project is anticipated to be completed by mid-2024.



**EFL welcomed President Tanaka and JICA Team at EFL Head Office in Suva.**

- 6 Development of 1MW Solar PV Farm at Mua, Taveuni – design work has progressed with the Engineer-Procure-Construct (“EPC”) Contractor for the development of 1MW grid-connected solar photovoltaic plant with battery energy storage at Mua on the island of Taveuni. Due to disruptions in global supply chains, the procurement of major items has been affected. The Contractor also commenced site works after EFL secured consent of the Director of Lands for the site where the grid-connected solar power plant will be developed. EFL is also progressing the grid-extension works from Weilagi to Mua, and further towards Naselesele as part of rural electrification works funded under the Fijian Government’s Rural Electrification Program.

- 7 Development of Grid – Connected Solar Photovoltaic Power Plants in Viti Levu – as per the Financial Advisory Services Agreement signed with the International Finance Corporation (“IFC”) in September 2020, IFC progressed the technical, environmental and social due diligence work for development of grid connected solar photovoltaic power plants in Ba, Tavua and Nadi with a combined capacity of 15MW. Preliminary investigations were also undertaken for a grid-connected solar photovoltaic power plant in Vanua Levu to connect to the EFL grid serving the Labasa – Seaqaqa – Dreketi area. The due diligence is expected to be completed in early 2023, and public tenders are likely in mid-2023 for the development of the identified grid-connected solar photovoltaic power plants on Viti Levu and Vanua Levu.
- 8 132kV Transmission Network Development – as per the 10-year PDP, significant investment is required in the redundancy development of the existing 132kV transmission network, including new 132kV transmission lines, 132kV switching stations and 132kV/33kV interconnecting substations to improve the reliability of the 132kV transmission network, and provide capacity for power evacuation from new renewable energy power plants. The Asian Development Bank (“ADB”) has agreed to conduct the detailed feasibility study on the development of a second 132kV transmission network for Vitilevu. The bulk of the assessment is expected to be carried out in 2023.
- 9 Ovalau Agro-Photovoltaic Solar Power Plant – EFL received a proposal from Envelops Co. Ltd., of South Korea for the development and export of energy from a 4MW grid-connected solar photovoltaic power plant with battery energy storage system in Bureta, Ovalau. EFL has in principle agreed with Envelops Co. Ltd. for it to develop the project as an independent power producer and export energy to EFL’s grid in Ovalau. The Power Purchase Agreement is expected to be executed in 2023.
- 10 Lautoka Grid-connected solar photovoltaic project – EFL, together with an overseas potential partner, is planning on developing a grid-connected solar photovoltaic power plant outside Lautoka city. The EFL Land Affairs Unit, together with representatives from the potential partner, identified prospective sites for this project and have advanced the discussions with the land administrators. A feasibility study is expected to be undertaken in 2023 before the scale of the project is confirmed.
- 11 Generation Capacity Reinforcement in Viti Levu – an assessment of demand growth projections over the next five-year period was conducted and it was identified that generation capacity reinforcement in the short term will be required to meet the rapidly increasing power demand. A feasibility study was conducted by a Japanese consultant on the fuel technologies, and it was concluded that diesel fuel will be the optimum choice for the power plant. EFL intends to develop a combined capacity of 50MW on Viti Levu to cater for the rapidly increasing demand in electricity, which would become stand-by capacity once the identified renewable energy projects are developed.
- 12 Land acquisition for renewable energy projects – EFL’s Land Affairs Unit continue to liaise with key stakeholders, including landowners, iTLTB and the Ministry of Lands for renewal and acquisition of leases required to continue EFL’s service delivery, and for development of new projects aligned with EFL’s strategic objectives.

### A TEAM EFFORT, A TEAM SUCCESS

EFL manages a transmission and distribution power network that stretches across the country with more than \$1 Billion in assets and maintains more than 11,000 km of power lines combined in rural and urban regions.



The Former Prime Minister, Honourable Josaia Voreqe Bainimarama with the students of Navatu Secondary School after commissioning of the Rural Electrification Project in Navatu.





Our most valuable asset isn't composed of power poles and cables; our greatest asset is, by far, 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 frontlines of powering Fijian prosperity, and they have my total sincere gratitude. Together, we made 2022 a success despite continuing to navigate significant uncertainty and challenges across all aspects of life, and we all have a cause to celebrate EFL's achievements.

When nature disrupts the power supply, 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 former Prime Minister during a period of significant disruptions across the globe and in the communities we serve. I thank his former Cabinet Ministers, particularly the former Attorney-General and the Minister for Economy, the Hon. Aiyaz Sayed-Khaiyum, and the former Minister for Infrastructure and Transport, the Hon. 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 Hon. Prime Minister's agenda for Fijian progress. 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.

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 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. EFL is an exceptional operation and undoubtedly, one of Fiji's leading and successful corporations, supported by the dedicated efforts of management and employees.

EFL is continuing to work through the evolving impacts of COVID-19, with a focus on ensuring our customers are supported, our assets continue to operate effectively and at the same time prioritising the safety and health of our people, the environment and the communities in which we operate. I would like to thank EFL's shareholders for their continued support and the entire EFL team for their hard work and dedication during the year.



The Former Attorney-General and the Former Honourable Minister for Public Enterprises, Mr. Aiyaz Sayed-Khaiyum with EFL Head Office employees after the announcement of the performance pay for the financial year 2021 at the EFL Head Office in June 2022.



Waitolu 33kV/11kV zone substation under construction and expected to be completed in 2023. This substation will be part of the Viria water reticulation project.



EFL Transmission Team carrying out maintenance on the 132kV Transmission Tower near Vuda Substation.



# BOARD KEY PERFORMANCE INDICATORS

The status of the achievement of the ten (10) EFL Board Key Performance Indicators (KPIs) for 2022 is tabulated below.

1. **GOAL:** Ensure that EFL Comply with the debt covenants set by Lenders subject to the key assumptions for 2022 becoming a reality.  
**OUTCOME. ACHIEVED.** EFL has recorded an after tax profit of \$58.11M in 2022 enabling us to comply with all financial covenants signed with our lenders.
2. Fully comply with the following requirements:  
**GOAL:** Submission of the 2023 to 2027 Business Plan by 30th November 2022 to the Shareholders.  
**OUTCOME. ACHIEVED.** Submitted Business Plan as per schedule.  
**GOAL:** Submission of EFL's 2021 audited financial accounts by 30th April 2022 to Registrar of Companies  
**OUTCOME. ACHIEVED.** Submitted on 29th April 2022.
3. **GOAL:** Ensure that the Shareholders of EFL earn a return on their Investment via declaration and payment of Dividends according to the budget set with Management for 2022.  
**OUTCOME. ACHIEVED.** A dividend of \$46.61M was declared and paid out to the EFL Shareholders in June 2022.
4. **GOAL:** Ensure that the Customer Satisfaction Level for 2022 is achieved as per the Corporate KPI.  
**OUTCOME. PARTIALLY ACHIEVED.** Domestic target 93.5%, Achieved 93.3% and Commercial/Industrial target 93%, **ACHIEVED** 94% as per the Corporate KPI for 2022.
5. **GOAL:** Sign a Power Purchase Agreement with an Independent Power Producer (IPP) by 31st December 2022 to develop at least one new IPP plant.  
**OUTCOME. WORK IN PROGRESS** Ovalau Agro-Photovoltaic Solar Power Plant – EFL received a proposal from Envelops Co. Ltd of South Korea for the development and export of energy from a 4MW grid-connected solar photovoltaic power plant with battery energy storage system in Bureta, Ovalau. EFL has in principle agreed with Envelops Co. Ltd. for it to develop the project as an Independent Power Producer (IPP) and export energy to EFL's grid in Ovalau. The Power Purchase Agreement is expected to be executed in 2023, and development of the project is expected to follow-on thereafter.
6. **GOAL:** Make a firm recommendation on the way forward for the development of the second 132kV Transmission Network to augment the existing 132kV Network.  
**OUTCOME. WORK IN PROGRESS.** As per the ten-year power development plan (PDP), significant investment is required for the redundancy development of the existing 132kV redundancy transmission network, including a new 132kV transmission line, 132kV switching stations and 132kV/33kV interconnecting substations to improve the reliability of the existing 132kV transmission network, and provide additional capacity for power evacuation from new renewable energy power plants. The Asian Development Bank ("ADB") has agreed to conduct the detailed feasibility study on the development of the new 132kV transmission network. Bulk of the assessment is expected to be carried out in 2023.
7. **GOAL:** Ensure that the new 132kV Transmission Network from Virara, Ba to Koronubu, Ba progresses according to the project schedule for 2022.  
**OUTCOME. ACHIEVED.** Sterling and Wilson Pvt. Limited, of India, entered into an Engineer-Procure-Construct ("EPC") contract with EFL in December 2021 for delivery of a significant proportion of the 132kV transmission network development work, which includes the design and construction of the 132kV switching station at Virara, 132kV transmission line from Virara to Koronubu and the 132kV/33kV substation at Koronubu. The detailed design for the new 132kV transmission network infrastructure has significantly progressed in 2022, with new steel monopoles and lattice tower designs being completed and manufacturing also significantly progressing. Major plant designs for the 132kV switching station at Virara and 132kV/33kV substation at Koronubu have also been finalized and manufacture is progressing.
8. **GOAL:** Progress the development of Ba & Tavua solar farms with IFC.  
**OUTCOME. ACHIEVED.** As per the Financial Advisory Services Agreement with the International Finance Corporation ("IFC") signed in September 2020, IFC progressed the technical, environmental and social due diligence work for development of grid-connected solar photo-voltaic power plants in Ba, Tavua and Nadi with a combined capacity of 15MW.
9. **GOAL:** Ensure that the refurbishment of the remaining three (3) power plants at Wailoa Power Station progresses according to the work schedule for 2022.  
**OUTCOME. WORK IN PROGRESS.** G3 has been fully refurbished. G4 is scheduled for major overhaul in 2023.
10. **GOAL:** Progress the feasibility studies of the Namosi Hydro and Qaliwana Upper Wailoa Diversion Hydro Projects.  
**OUTCOME. WORK IN PROGRESS.** Qaliwana/Upper Wailoa Diversion detailed feasibility studies is expected to be completed in early 2023. However, in the case of Namosi Hydro, EFL is finalizing the terms of reference with AIFFP for them to fund the detailed feasibility studies of the Namosi Hydro.



# CHIEF EXECUTIVE OFFICER'S REPORT

HASMUKH PATEL - CHIEF EXECUTIVE OFFICER

The Financial year 2022 was a very challenging year as the entire world was still recovering from the adverse impact of the COVID- 19 pandemic. It meant that EFL, being the sole supplier of electricity, had to make important adjustments to the business so that it stayed relevant and continued to meet the expectation of all its stakeholders. 2022 also came with its fair share of challenges, with headwinds emanating from elevated commodity prices, continuity of variants of COVID-19, geopolitical conflicts, supply chain disruptions and erratic weather patterns. EFL has shown in the past that despite the challenges it faces the company is very resilient and stays strong with its recovery.

Furthermore, in 2022, EFL faced the challenge of very high fuel prices. The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries caused the oil prices to spike. Oil prices reached an 8-year high, going above US\$100 per barrel, which was higher than EFL's budgeted fuel price of US\$71 per barrel for 2022. The actual fuel cost for the year was \$138.29M compared to the budgeted fuel costs of \$167.66M. The actual fuel cost for 2022 of \$138.29M is inclusive of \$27.91M of realized hedge gains as a result of the effectiveness of EFL's hedge program. If EFL had not hedged for 2022, then EFL would have incurred a fuel cost of \$166.21M (\$138.29M plus the realized gain of \$27.91M) which would have been very close to the budgeted fuel cost of \$167.66M set for the year.

We had numerous accomplishments during the year as we continued our critical work of delivering safe and reliable energy to our customers. Our role in keeping the lights on for thousands of homes and businesses, as well as vital services including hospitals and medical facilities, is critical for Fiji.

Running an essential services business requires a strong safety culture to manage the significant operational and personal safety risks that many of our people experience every day. EFL has acted quickly to put in place measures to support our people so that they in turn can ensure that our assets continue to function, and our customers are supported by reliable power supply no matter what the challenges are.

The energy business is highly capital intensive and as such, EFL invests millions of dollars for the upgrade of ageing assets, development and acquisition of new assets. In recognition of the present and future energy demands of the Fijian people, EFL is aggressively investing in the expansion of EFL's national electricity grid. There are still Fijians waiting to access the enormous benefits of electricity, and our capital expenditures include unprecedented funding to bring those communities online. But looking to the future, as Fiji's position in the Pacific and in the international arena grows further, our nation needs to be ready with a network of energy infrastructure that can support new investments which in turn stimulates the economy.

The cost of shipping and freight to Fiji rose exponentially during and after the Covid-19 pandemic. At EFL, we are part of the global supply chain and experienced the disruptions in terms of commodity shortage, shipping delays, port congestions, freight and shipping cost increases and sourcing of raw materials from both local and overseas suppliers. This affected the timely implementation of EFL's capital expenditure plan and the procurement of essential equipment, spare parts and critical inventories for ongoing repairs and maintenance work. Customer-funded projects for power supply infrastructure development were also affected and as a result, the execution time stretched significantly since 2021, due to extremely long lead times in sourcing critical equipment. The lead-time (from placing of orders to receiving of the items) for items such as transformers, switchgears, cables, cable accessories and other line hardwares increased from 14 weeks (pre-Covid-19) to 40 weeks (during and after Covid-19). The delays affected our planning and also meeting the expectations of new customers/new developers who on the daily basis apply for power supply for their developments.

EFL adopted the following key strategies to mitigate the impact of the supply chain disruptions;

- Having a contingency plan for supply chain emergencies;
- Regularly monitoring supply chain vulnerability;
- Identify back up supplies and engage with multiple suppliers to spread out risk; and
- Having minimum stock levels based on historical usage and known forward workloads.

The EFL Board had approved a CAPEX budget of \$145.83M for 2022. Against this budget, EFL only spent a total of \$52.91M in 2022. The capex uptake has been low as compared to budget and this was largely due



to the impact of supply chain disruptions experienced during the year together with the shortage of raw materials required to execute any major capital projects. Since the CAPEX plan for EFL is part of the FCCC tariff review mechanism under the Regulated Asset Base (RAB) model, EFL will be required to execute all the CAPEX approved by the FCCC that is part of the RAB model before the next tariff review which is due in October 2023. EFL internally funded its CAPEX expenditure of \$52.91M in 2022.

EFL remained focused on embedding a strong operational performance to ensure the provision of a resilient, reliable and safe network for all Fijians. We performed well across all four of our Key Result Areas; namely i) Customer & Supply/Demand, ii) Operations, iii) Human Resources, Health & Safety & Innovation and iv) Shareholders and Financials while continuing to deliver returns for our shareholders and ensuring financial sustainability.

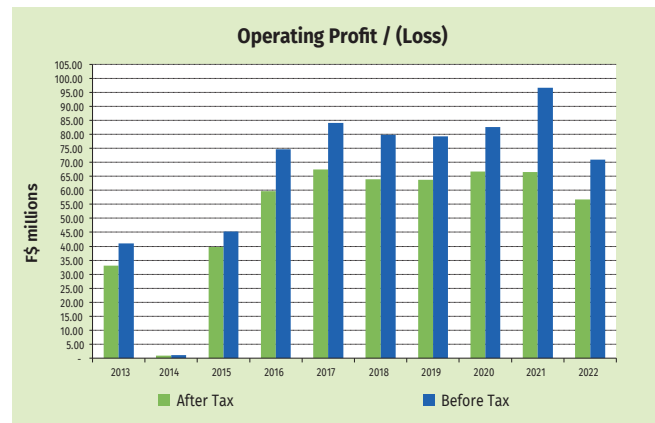
Both, the weighted average increase in electricity demand of around positive 2% recorded in 2022 compared to 2019 (Pre-Covid year) and the realized gains achieved from implementation of the Foreign Exchange & Brent Oil Hedging Programme in some way positively impacted EFL's business.

We were able to deliver a strong financial performance recording a profit after tax of \$58.11M. Our performance is a testament to our robust business strategy and resilient people. EFL's performance reflects the stability and sustainability of the business during a period of significant disruptions across the globe and in the communities we serve.

**EFL'S PROGRESS IN 2022**

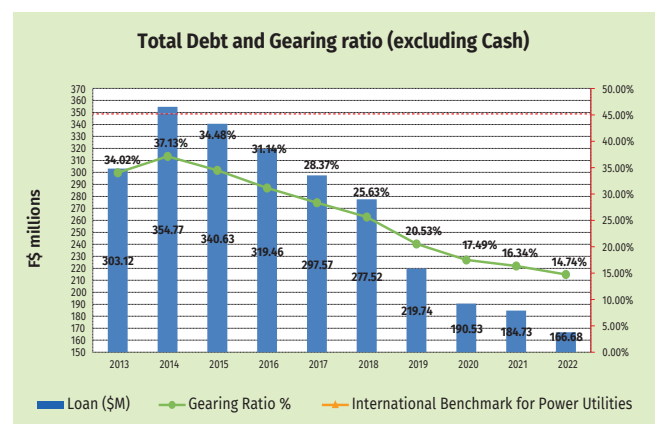
EFL has maintained unprecedented financial results over the last seven years. In 2022, it recorded an after-tax profit of \$58.11M. This profit was achieved mainly due to:

- First and foremost, EFL adopted the strategy to safeguard the health and wellbeing of all its employees, their families and EFL customers including its properties.
- The Company continued to monitor and assess its business operations daily, and implemented other remedial actions appropriately.
- The prudent management of EFL's operations throughout the year paved the way to another historical performance. 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 received in Viti Levu during the rainy season led to a record performance from the Monasavu Hydro Scheme. Monasavu Hydro Scheme produced some 464GWh of energy while Nadarivatu produced an all time record generation of 114GWh of energy in 2022.
- Realized hedge gains of \$27.9M in 2022 reducing the impact of high fuel price. EFL's net fuel cost was \$138.3M but if EFL was not hedged for 82% of its actual fuel usage than we would have incurred a fuel cost of \$166.2M, an additional fuel cost of \$27.9M; and
- Cost control measures that had to be implemented by Management during the year.



Typically, we can expect on average around 400 million units of electricity generation a year from the Monasavu Hydro Scheme. At the beginning of 2022, the dam level at Monasavu was at 733.18 metres above mean sea level, which was 12.14 metres below the level in 2021 (745.32 masl). This level was equivalent to 18.18 metres above the minimum safe operating level of 715 metres. Above-average rainfall received during January to March 2022 resulted in the dam spilling for the periods of 6th February 2022 to 20th February 2022 and 11th March 2022 to 16th March 2022. By the end of the year, water level stood at 733.90 metres above mean sea level. Water level at the dam depends on water usage for power generation and the amount of rainfall received at the dam.

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 Fijian Competition & Consumer Commission (FCCC) and it should strive to manage costs where possible in order to achieve these returns. The ultimate plan is to list the company on the South Pacific Stock Exchange.



## 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 a stable business profile with consistent cash flows. It has an established management team with 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 the development of low cost renewable energy sources in the coming years.

EFL's balance sheet remains in a strong position as at end of December 2022, owing to our consistent good performance over the years. Our gearing ratio, as measured by debt to debt plus capital plus reserves, excluding cash in hand, stood at 14.91% as of 31 December 2022. This is down from 16.34% at the end of 2021, with both years well within the industry standard of maximum 45%.

Our low gearing level in 2022 is owed primarily to the profits we recorded in 2022 that resulted in an increase to the shareholder value and the reduction in our debt level by \$18.05M compared to 2021. 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 consider our shareholder value, asset value and the total amount of our loans as the key benchmarks to assess our performance. EFL's shareholder value stood at \$951M at the end of 2022, up from \$946M at the end of 2021. EFL's total asset value rose to \$1.52B by the end of 2022, up from around \$1.51B in 2021 despite the adverse impact of the Covid-19 pandemic and displayed the resilience in the company. On the other hand, our total loans amounted to \$166.68M at the end of 2022, down by \$18.05M from the previous year.

The Foreign Exchange & Oil Hedging Framework was approved by the EFL Board in May 2018 and thereafter became effective. EFL has a Risk Management Committee (RMC) comprising two Executive Directors, one non Executive Director, EFL Executives, Financial Managers and two external Consultants who meet weekly and have direct oversight of the successful execution of the FX & Oil hedging policy under the Framework.

In 2022, the EFL Management continued with the proactive risk management programme to reduce the risks of rising global oil prices and increased volatility in the foreign exchange market. There were many drivers of the spike up in volatility during the year, ranging from the Russian Ukrainian conflict through to a very hawkish US Federal Reserve focused on controlling inflation. The RMC during its weekly meetings took into consideration all macro-economic, oil demand/supply, and geopolitical factors and made key decisions on the FX & oil hedge ratios and instrument selection. Much like other sectors in the Fijian economy, EFL has long been left exposed to volatility in prices of industrial diesel oil and heavy fuel oil, which are determined by the Brent crude oil global market prices and US Dollar exchange rate.

EFL's Foreign Exchange & Brent Oil Hedging Team, together with professional hedging consultants from New Zealand lead by the Special Advisor to the EFL Board and the Head of the FX & Oil Hedging Programme, Mr. Prasann Patel. The Hedging Team carefully monitors oil prices, and foreign exchange rates on a 24 hour/daily basis, and take appropriate action under the guidance of the RMC. As fuel is consistently our largest cost, volatility in the oil and foreign exchange markets can have serious consequences, and EFL's highly proactive approach marks an important step in reducing that risk to our business and introducing a new level of cash flow stability and certainty.

The objectives of the Foreign Exchange & Brent Oil Hedging Programme are as follows:

- Protect the company from period of rising oil prices as EFL's fuel hedging framework is designed to provide 70% protection when oil prices are rising.
- Ability to participate on the downside oil price movement since EFL's hedging framework is designed to allow for around 65% downside participation when oil prices are falling.
- Substantially reduce its fuel cost volatility and provide stability to EFL's cash flows and earnings.

The performance so far has been very encouraging and achieving its objectives.

The actual fuel cost for the year was \$138.29M compared to budgeted fuel cost of \$167.66M. The actual fuel cost for 2022 of \$138.29M is inclusive of \$27.91M of realised Foreign Exchange (FX) & Brent Oil Hedge gains. If EFL's fuel and FX were not hedged for 2022, then EFL would have incurred a fuel cost of \$166.21M (\$138.29M plus the realized gain of \$27.91M) which would have been very close to the budgeted fuel cost of \$167.66M.

## NEW REGULATORY FRAMEWORK/TARIFF METHODOLOGY

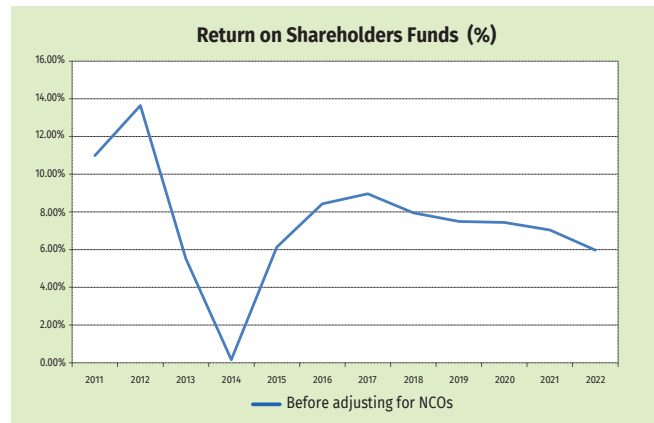
The Regulator, Fijian Competition and Consumer Commission, has approved the tariff regulatory framework for EFL and this came into force in October 2019. Prior to that, the tariff rates were revised in 2010 and 2013 respectively. As per the new tariff regulatory framework, the tariff review process will be conducted every 4 years. The next review will be held in October 2023. EFL has commenced with the process for this tariff review exercise.

The approved tariff regime provides for the recovery of all operating costs under the Allowable Revenue Methodology and the ability to achieve the required rate of return on EFL's Regulated Asset Base. Therefore, tariff reviews play an important role in the timely development of the Industry.



The tariff methodology has a component on the Ad-hoc review of the tariff to account for extra ordinary events such as natural disasters and any unbudgeted fuel cost incurred by EFL due to the uncontrolled increase in the global fuel price. However, due to the Covid-19 pandemic the annual review and ad-hoc review have not been implemented in 2020, 2021 and 2022 despite EFL making submissions to the FCCC for an ad-hoc review to be made regarding unbudgeted cost to the tune of around \$13.4M incurred as a result of several Tropical Cyclones.

Due to high CAPEX requirements to fund the renewable energy development program and other projects under the power development plan, EFL must have proper checks in place (such as passing solvency tests) to ensure it is able to meet investment requirements balance with providing a return to the shareholders.



### CAPITAL EXPENDITURE AND FUNDING

EFL spent a total of \$52.91M on capital expenditure in 2022, down from \$55.69M compared with 2021. The \$52.91M includes \$13.79M for the General Extension, Rural Reticulation and WAF's Viria Electrification Project. The Covid-19 pandemic impacted EFL's business that restricted EFL from carrying our major Capital Expenditure (CAPEX) in 2022. The EFL Board had approved a CAPEX budget of \$145.83M for 2022. Against this budget, EFL only spent a total of \$52.91M in 2022.

Futher, the capex uptake for 2022 has been low as compared to budget and this was largely due to the impact of the supply chain disruptions experienced during the year together with the delays in the procurement of raw materials required to execute any major capital projects. The \$53.14M capital expenditure spent in 2022 were funded entirely from EFL's internal cash flows.

Despite the low capital expenditure incurred in 2022, EFL's rising profits have led to significant progress in reducing debt levels, with our total debt portfolio falling from around \$184.73 million in 2021 to \$166.68 million in 2022.

This is expected to increase once we fully draw down the \$76M loan approved under the syndicate banking facility to fund the new 132kV transmission Network from Virara to Koronubu, Ba at a cost of around \$76M and establishing an additional 50MW thermal power plant for Viti Levu at an estimated cost of around \$170M.

EFL signed the Syndicate Banking Facility Agreement with ANZ, WBC, and BSP Banks for a total line of credit of \$335M, the largest ever syndicate credit facility signed by EFL. EFL is planing to review the syndicate banking facility in 2023.

The current Syndicate Banking Facility signed with ANZ, BSP and WBC Banks restricts the funding of EFL's major capex projects. EFL has established a \$335M line of credit under the Syndicate Banking Facility with ANZ, BSP and WBC banks, the largest in Fiji. Establishing the Syndicate Banking Facility is strategic for EFL in the medium & long term so that it has a wider pool of lenders that can fund its development plan in the medium and long term and that EFL is not dependent on only a single lender. This approach provides diversity and prudent risk management for EFL from a credit, pricing and funding point of view. This facility has been stress tested using EFL's balance sheet and complies with all the three banks financial covenants. The outcome of the 'stress test' has resulted in the three syndicate bankers approving a maximum credit limit of \$335M for EFL. The facility is divided into three key strategic areas as follows:

Total Approved Facility	Facility A – Fixed Loan Facility (\$M)	Facility B – Variable Loan Facility (\$M)	Letter of Credit/ Working Capital (\$M)	Total Facility (\$M)
Total Approved Facility	\$120.00	\$200.00	\$15.00	\$335.00
Total Draw Down	\$120.00	\$83.88	-	\$203.88
Available Headroom	Nil	\$116.12	\$15.00	\$131.12

Since EFL is a highly capital intensive industry and its operation is critical to Fiji being an enabler to the growth of the national economy, in this context, it must always be supported with a robust and diversified lending portfolio to ensure funding accessibility and availability. The appetite of the syndicate banking facility can support EFL develop projects to the tune of around F\$335M.



The EFL Project Electrical Engineer and Acting Manager Civil attend the factory acceptance test for SMA string inverters at China for 1MW Taveuni Solar Farm.

The available headroom from the syndicate banking to cater for any future EFL capex funding as at December 2022 is around \$116.12M, available from facility B only. This headroom will also cater for the funding of the Virara to Koronubu 132kV Transmission Network Development and other critical EFL Project planned for 2023.

Facility C is to cater for EFL's working capital and is maintained by ANZ Bank only to accommodate any Letter of Credit as well as it serves as a standby bank overdraft facility.

EFL will maintain the position that borrowings will be our last resort as one of our short and medium term goals is to reduce the debt level of EFL and provide funding capacity/headroom for EFL to borrow and fund its next large renewable energy project as per its Long Term 10-year Power Development Plan.

The Syndicate Banking Facility can also be partially used to assist EFL with the funding plan of projects considered as an upside to its business.

The planned CAPEX for EFL for the next 5 years (2023-2027) is around \$851M.

To fund the major Capital projects of EFL, we need to either:

- Increase the existing Syndicate Banking credit limit but ensuring the lenders covenants are not breached;
- Refinance the Syndicate Banking Facility and look at other concessionary loans available to finance EFL's major projects; and
- Generate internal cash flows via proposed tariff increases.

EFL is exploring the above options to ensure there is availability of funds to finance upcoming planned capital projects.

There is no more borrowings on the EFL Balance Sheet as at 31st December 2022 that are secured via Government guarantee. The Syndicate banking facility loans are secured via debenture mortgage over the assets of EFL while the Suva City Council loan is unsecured. Throughout 2022, we maintained an average cost of borrowing of around 4.90% per annum, along with a steady interest rate on EFL's credit facility despite the tightening of the financial market in 2022.

Our priorities for 2023 and beyond remain grounded in providing safe, reliable, affordable, and increasingly clean energy to customers and the communities we serve. I am excited about the work ahead and executing our strategic plan to provide value for our customers, our communities, and our shareholders.

### 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.







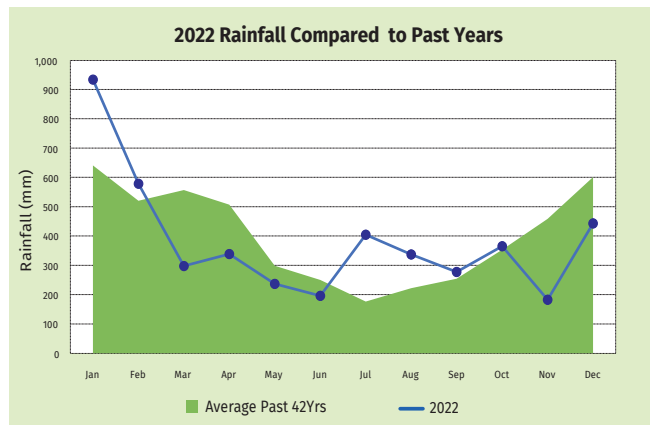
These Hydro Power Plants have been developed over the last forty years and they play a crucial role in the successful operations of EFL on a daily basis. Not only do they replace expensive diesel generation but contribute to a reduction in our carbon footprint annually. Finally, they also contribute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

**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 2022, we produced more than half of our energy requirements from hydro-power 55.30%, 0.01% from wind power and 6.59% from Independent Power Producers (IPPs), namely Tropik Wood Industries Limited, Fiji Sugar Corporation and Nabou Green Energy Limited.

In total, EFL's renewable power stations generated 598.19 million units of electricity (55.31%), thermal power stations generated 409.80 million units (37.89%) and Independent Power Producers (IPPs) generated 73.47 million units (6.79%) of electricity.



**HYDRO GENERATION**

• **Wailoa Power Station**

Typically, we expect on average around 400 million units of electricity generation annually from the Wailoa Hydro Power Station as part of the Monasavu Hydro Scheme. In 2022 the station generated 461.66 million units as compared to 440.98 million units in 2021. Wailoa generation in 2022 is the second highest to 2012 generation of 466.76 million units. This shows that the major refurbishment of the Monasavu Hydro Power Plant which started in 2012 at an estimated cost of around \$142M is beginning to reap positive benefits for EFL.

• **Nadarivatu Hydro-power Station**

The annual long-term average output of Nadarivatu Hydro Scheme is 100 million units of electricity. In 2022, the station generated 114.33 million units, as compared to 85.04 million units in 2021. Nadarivatu 2022 annual generation surpasses the annual highest generation of 108.74 million units generated in 2018.

• **Wainikasou Hydro-power Station**

The annual long-term average output from Wainikasou Hydro Scheme is 22 million units of electricity. In 2022, the station generated some 18.98 million units, compared to 19.25 million units in 2021. The low generation is due to the unavailability of the Wainikasou G2 genset due to main rotor pole fault. The rotor was sent to ABB Australia for rewinding and was back in operation in December 2022.

• **Nagado Hydro-power Station**

The annual long-term average output for Nagado Hydro Power Station is 12 million units. The station has not been in operation since July 2016. It generated no power in 2021 due to replacement work on polyjet valves and SCADA system. The SCADA system and Polyjet valves were recommissioned in September 2021. However, due to low water pressure in the pipeline from the Vaturu dam to the Nagado Power Station, the plant could not operate successfully. WAF consumption has increased over the years, which resulted in drop in penstock pressure. EFL is working with WAF to resolve outstanding issues, such as upgrading the penstock, which will take some time to resolve.

• **Taveuni Hydro-power Station**

The average output from the Taveuni Hydro-power Station is 2.25 million units per annum, since it was commissioned in 2017. The demand for electricity greatly increased in 2022, with the Hydro Plant generating 3.07 million units as compared to 2.54 million units in 2021.



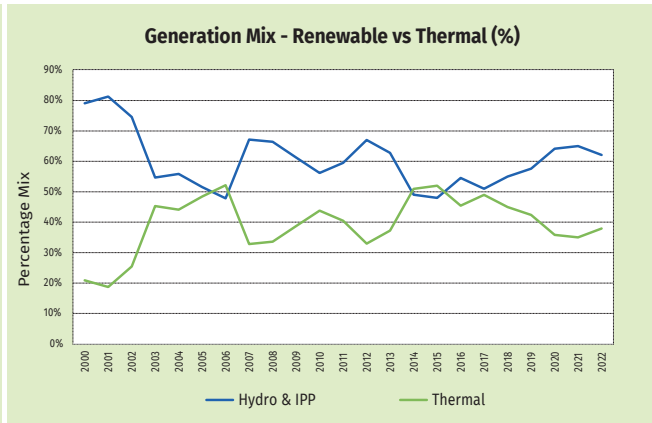
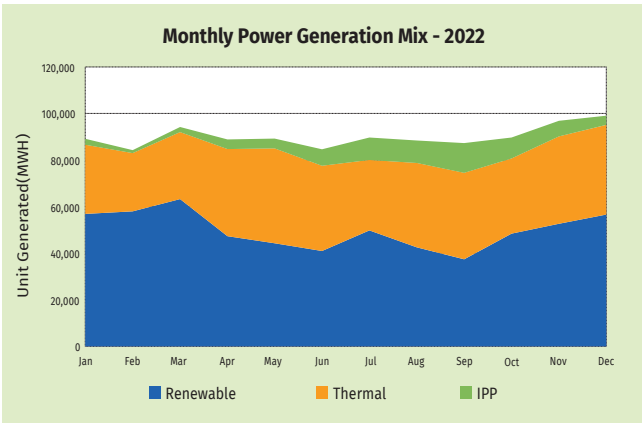


### BUTONI WIND FARM

The Butoni wind farm generated 93 thousand units of electricity in 2022 saving around \$55k in fuel costs for EFL. The low generation recorded in 2022 was due to the delay in repair to damages to the wind farm caused by Tropical Cyclone Harold in April 2020 because of the difficulty of getting spare parts as a result of travel restrictions and stop work during Covid-19. The insurance claim to compensate for the damaged wind turbines is complete and process in progress to get spare parts with technical expertise to repair and re-commission the wind turbines. Since its opening in June of 2007, the Butoni wind farm has harnessed the power of the wind to generate 56.263 million units of energy, sparing us from burning 12,388 tonnes of diesel fuel, equal to 38,255 tonnes of harmful carbon emissions.

### THERMAL GENERATION

Our thermal power stations continue to play a critical role as part of our energy mix, generating over 37.91% of our energy requirements in 2022. Our thermal power stations generated 410.27 million units in 2022 as compared to 328 million units in 2021. The increase in generation is due to the increasing electricity demand as result of businesses coming back to normal after the Covid-19 pandemic.



### 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 2022, EFL achieved a System Average Interruption Frequency Index (SAIFI) of 4.23 times, whereas our target is to be below 6 times for the year. Furthermore, we achieved a System Average Interruption Duration Index (SAIDI) for controllable power outages of 239 minutes, whereas our target was to be below 255 minutes for the year.

EFL also continuously investigated faults on its power 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 caused by severe weather events and other external factors. The leading causes of power interruption in 2022 were major planned 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.



Periodic protection settings review of relays in our power system has been undertaken and in addition, EFL electrical protection relays were 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 timely upgrading and repair creates unacceptable 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 are 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 are 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.

Review of the EFL's Ten Year Power Development Plan (PDP) was also undertaken this year and has been revised to the planning horizon 2022-2031. The scope included review of all current and future planned power systems together with demand forecast, review of load flow studies and network and generation plans. Based on future demand forecasts, the report provides detailed generation plans to ensure demand forecasts are met with the specified level of reliability. Network development plans have been provided identifying necessary network expansions and upgrades to strengthen security of supply and to allow for integration of renewable energy sources in the grid.

Introduction of new technologies, such as electric vehicles and various levels of solar PV penetration in the grid has also been included in the PDP report. Two new 33kV/11kV zone substations at Naikabula, Lautoka and at Denarau, Nadi have been commissioned as part of implementing the long-term power development plan while work on extension of the 33kV sub-transmission network and establishment of a new 33kV/11kV zone substation at Waitolu, Naitasiri has progressed well in 2022.

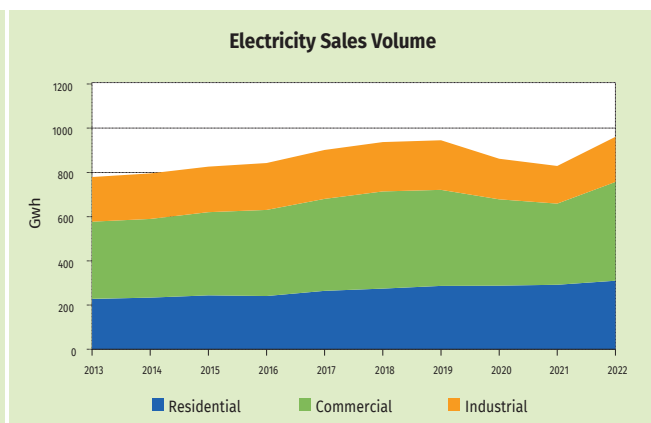
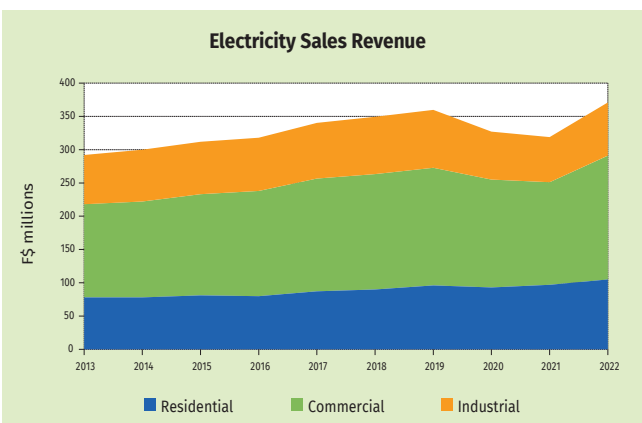
Further, the establishment of a new 132kV Transmission Network from Virarara in Ba to Koronubu, Ba at a cost of around \$75M to cater for the increasing demand of electricity in the North West of Viti Levu is progressing according to plan. This project when commissioned will support Government's Tax Free Zone initiative for commercial development between the corridor from Korovou to Ba Town. The project is expected to be completed in 2024.

### ENERGISING A RECORD NUMBER OF FIJIANS

As Fiji had experienced a decade of economic growth, more Fijians are expected to enjoy a higher standard of living and a thriving business environment mainly in our nation's demand for energy to boom.

Thanks to our forward planning and prudent management, EFL stands ready to meet these growing needs. In 2022, our total number of customers rose by 2.05% to 214,628 -- up significantly from the 210,320 customers exactly one year prior.

This customer base is made up of 53,136 prepay customers and 161,492 post-pay customers, compared to 47,525 prepay and 162,795 post-pay customers in 2021. A further breakdown of these customers reveals that EFL's client base is as dynamic as the Fijian economy; in 2022, we had 106 large-scale industrial customers, 19,272 commercial customers and 195,250 domestic customers (including private residences, places of worship, other institutions and streetlights). The year-over-year change is mainly attributed to domestic customer growth.



The effect of Covid -19 eased off by the end of the year and our growing customer base is justified by the increase in national demand for energy. 2022 saw a 15.9% increase in demand, expanding from 829.2 million units in 2021 to 961.3 million units in 2022.

### SPREADING THE BENEFITS OF ELECTRICITY TO LOW-INCOME FIJIAN FAMILIES AND SMALL AND MEDIUM SIZED BUSINESSES

The Fijian Government and Energy Fiji Limited have committed themselves to assisting low-income households access the tremendous personal and economic benefits of electricity and the Government subsidies electricity costs for families with a combined annual household income of \$30,000 or less per annum.

The normal subsidy provided by the Fijian Government every month is 48.05% which is equivalent to 16.34 cents per unit for the first 100 units of electricity consumed by the subsidised customer. 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 866 schools benefited from this subsidy in 2022.

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 an increase of 3,539 subsidized customers in 2022, meaning an impressive 55,798 Fijian households now have access to highly affordable electricity.

The Fijian Government also assisted small and medium sized commercial customers whereby these customers were provided with a subsidy of 6.98 cents per unit for the first 1000 units of energy consumed by them. This meant, the small and medium sized commercial customers were required to only pay 34.01 cents per unit (instead of 40.99 cent per unit) and the VAT portion on their first 1000 units electricity usage. This initiative was carried forward from 2021 and was extended from 1st January 2022 to 31st July 2022.



### 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 metering equipment recalibration project. This initiative is targeted at Fiji's larger commercial and industrial consumers and is carried out in batches of 100 customers each year.

We also carry out scanning of meters on metering equipment installed at customers' premises and proactively recommend corrective measures and carry out upgrading works where required. In addition, to help customers become more responsible and efficient in their use of energy, technical advice and billing data are made available.

EFL's continually checks customer installation to ensure that the installation load is compliant to the power factor requirements as stipulated in the Electricity Act. A Penalty is imposed on those customers who used excessive reactive energy and did not comply with their power factor.

To keep par with technology, an Automatic Meter Reading (AMR) pilot project has also been implemented whereby energy meters are read remotely for billing purposes.



### 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. Under the Electricity Act, every consumer is required to maintain the security deposit which is equivalent to two months of electricity consumption.

### INTEREST ON DEPOSIT

The interest on consumer security deposits has been paid in accordance with Section 20 (3) of the Electricity Act 2017 and this commenced from Quarter 4, 2019. The interest on consumer security deposits is paid every quarter and is credited directly against the customer's electricity bill.



## CUSTOMER ENGAGEMENT IN A DIGITAL ECONOMY

In the age of technological advancement and digital economy, the demand to have reliable electricity at home and at commercial premises has rapidly increased. Consumer expectations of the EFL delivery timeline have shifted from the norm. The customer expects a personal relationship that offers value wherever and whenever they are ready to engage. With this change in customer behaviour, EFL turns to improve its customer engagement 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 the change. 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 through our websites, where customers can fill, attach relevant documents and submit them from the comfort of their homes. This has saved time in serving the customers and also limits excessive paperwork for our Customer Services Representatives (CSRs).

Embracing paperless processes, EFL has greatly improved its internal process where manual file workflow has been replaced by a string of tasks between stakeholders. This is done in the Gentrack Billing System where one single Service Order has a string of tasks. This process is being transparent and accessible, by any Customer Services Representatives (CSRs) for customer's feedback.

EFL has also introduced Bill Care Card to customers who do not have an email address for e-bill. The Bill Care Card have their account details through barcode and can be scanned through our cashier and our third-party cashiers for payment. Customers do not need their hard copy statements as they can use these easy-access card to make electricity payments. The wallet size Bill Card is convenient to use. The percentage of e-bill as of December 2022 is 28.31%.



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 customers.

In addition to this, EFL has also activated a Facebook page for the convenience of its customers to communicate directly with EFL. Safety and Risk messages are also being displayed on the Cashiers Price Checker display screens at all Carpenters outlets. On the other hand, we still have the following channels for customers to reach us for enquires and complaints:

- Helpline 24/7: 132333 | Mob: 5333 | Emergencies: 913
- Get bill copy: Noqu EFL App
- Get bill balance and due date: dial \*1333# at 18cents per text
- Chat with us on [www.evl.com.fj](http://www.evl.com.fj)

## INFORMATION TECHNOLOGY

With 2022 being the first full year without the COVID lockdowns/interruptions, it also brought with it, its own challenges - a greater demand for IT services and equipment hampered by the lingering issues of prolonged lead time in the production of equipment and supply chain issues.

This did not deter the IT team from achieving some of the key objectives to ensure that the organisation met the speed and agility needs of the business with faster, on-demand delivery of infrastructure and applications.

One such major objective was the SCADA Server Hardware Refresh that was overdue. The SCADA servers were virtualized for the first time since its initial implementation. The new hardware platform was completely deployed in-house by the EFL SCADA and IT teams. The new setup also alleviates some of the long-standing operational issues with the Master Station application and has enough capacity to cater for significant growth, additional services that the SCADA team may plan to implement and accommodate any future software upgrades in the years to come.



The following key projects were also initiated in 2022 to directly achieve the IT Strategic Objective “to explore the integration of business applications to reduce operating costs and minimize business risks.”

1. Upgrade of the Financial Management Information System (FMIS) – Phase 1 has been completed. Suitable vendor has been identified and EFL will carry out the due diligence in 2023 and thereafter implementation.
2. Commencement of Automated Meter Reading (AMR) – EFL has partnered with the meter manufacturer Landis+Gyr. The Pilot Project commenced in December 2022 with the implementation of communication equipment and first batch of smart meters in Denarau, Nadi. The pilot project, which is expected to be completed in the last quarter of 2023, targets to implement a total of 2,500 smart meters in Denarau in Nadi, Deuba in Navua and Namadi Heights in Suva.
3. Upgrade of EFL’s Billing and Customer Information System (BCIS) – in the last quarter of 2022, EFL commenced discussions with its vendor, Gentrack in NZ, for the upgrade of its BCIS. The upgrade targets at streamlining operations with increased online services to provide a better customer experience.

EFL invested further in the vital IT Strategic objective “to reduce the risk of exposure of IT Systems ensuring data integrity, security, and availability of all Business applications”, by strengthening its partnership with its Security Vendors. We are moving away from the traditional practice of supply and install, to an increased engagement by allowing for continuous monitoring, threat hunting and managed threat responses. This is a crucial building block for the IT Roadmap for 2023.

### 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 strategies. 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 electricity bills. Customers still have the option to make payments via cash, cheque or EFTPOS through Carpenters MaxVal-u agents, including online channels and other agents authorized by EFL. EFL has co-shared 5 Customer Services Offices with Water Authority of Fiji, for better one stop customer experiences for both the organizations.



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. from the office at the various locations without delay.

A total of 181,428 customer visits were made to our Customer Care Centres in Central, Western and Northern divisions in 2022. This is a decrease by 13% from 2021 and is largely due to the online channels and change in internal processes.

2022 is the fourth year EFL has successfully processed the 5% non-voting shareholder to qualified domestic account holders, and these customers were distributed dividends after approval by the EFL Board.

### CUSTOMER SATISFACTION SURVEY

To reach/enhance 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 Customer 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 Online facility. EFL also use the Rural District Office in each province to distribute to settlements and villages as most of them are prepay customers. In 2022, EFL has added extra two channels to reach customers to fill the Survey forms and these are broadcast thru Noqu EFL App and through SMS. As an appreciation of customer commitments, customers have to answer six (6) questions and 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.





Consolation prizes are also given to customers and these include EFL T/shirts and EFL Caps. Winners will be randomly picked out of the box. In 2022, our target was to achieve customer satisfaction ratings of 93.5% for residential customers, achieved 93.3% for commercial and industrial customers, achieved 94%.

### CONTACT CENTRE

2022 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 it all, simply by dialing "132-333" or through the EFL short code, "5333". Over the course of the year, our Contact Centres deftly managed flows of information from hundreds of thousands of customers ranging from 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 388,945 calls during the year, or an average of 32, 649 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.

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 the high volume of calls in 2022, our Grade of Service (GoS) for 2022 was 82.9% of the total calls answered within the 20 second mark, with only 4.7% of calls being abandoned.

### BILL PAYMENT FLEXIBILITY THROUGH PREPAY

Fijians living in our 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. 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 vendors to pay for tokens and then inserting the tokens in their EFL installed prepay meters, or, alternatively, paying using their mobile phones. We were proud to serve a total of 53,136 rural customers on prepay meters in 2022 - 5,611 more than the year 2021. 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 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 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% queries received daily are 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 hazardous power-related emergencies. A total call of 5,663 were received in 2022, of which 2,982 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, and seven days a week.

By dialing 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 Ink 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 any new developments on the digitalization front that they can use from the comfort of their homes.



## REGULATORY UNIT FUNCTIONS

EFL continued to carry out its Regulatory functions as agents of the Regulator – the Fijian Competition & Consumer Commission (FCCC).

EFL’s Regulatory Department is made up of over 80 team members who are tasked with enforcing compliance of the Electricity Act & Subsidiary Regulations. These include but not limited to:

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

The Achievements of the Regulatory Unit for the year 2022 were as follows:

### i) New Connections

There were a total of 6,645 new customer installations which were successfully inspected and connected to the EFL grid in 2022. This total consisted of 5,496 domestic connections and 1,149 commercial connections.

### ii) Meter Testing

14,149 electricity meters were tested in 2022, on EFL’s two (2) Meter Test Stations in Kinoya, Suva & Navutu, Lautoka. This surpassed the Unit’s target of 10,000 and of these, 8,447 were single phase meters, 1,885 were prepayment meters and 1,299 were three (3) phase meters.

### iii) Public Safety Campaigns

More awareness and public releases were made during 2022 – educating the general public on the importance of using licensed electrical contractors. These campaigns were also carried out during rural electrification schemes in different villages and settlements, nationwide – when connecting new customers to the EFL grid.

Illegal wiring and shoddy workmanship through the use of unlicensed and unskilled electricians are still prevalent in a lot of areas particularly in informal communities, which cause unfortunate mishaps such as electrocution as well as electric shock cases.

### iv) Continuing assessments for wireman & contractor license renewals

Annual written assessments for renewal of electrical contractors licenses and wiremans licenses continued in 2022. This ensured all wireman and electrical contractor reps were up to par with current standards and international best practice for electrical wiring to ensure all wiring is carried out safely and in compliance to relevant standards.





The unit was able to carry out its Wireman's License Examination twice last year, in May & December which gave unlicensed electricians who have had a lot of experience over the years a chance of becoming a licensed wireman through strict compliance to the Electricity Regulations.

#### v) Generator Installation Inspections

This year, a total of thirty-three (33) generator installations were inspected and connected to the EFL grid. Of these, fifteen (15) were standby/backup generators and the remaining eighteen (18) were grid-connected solar installations.

2022 saw the inspections of off-grid and outer island generator installations being slowly discharged to the Fijian Competition & Consumer Commission (FCCC) to carry out as their technical arm had been reinforced. This allowed our Inspectors to concentrate more on our own grid connected installations.

#### vi) House Wiring Project Management

In 2022 there was a new section in the department, which was created solely for managing the house wiring projects for Rural Electrification Schemes which the Government had paid for.

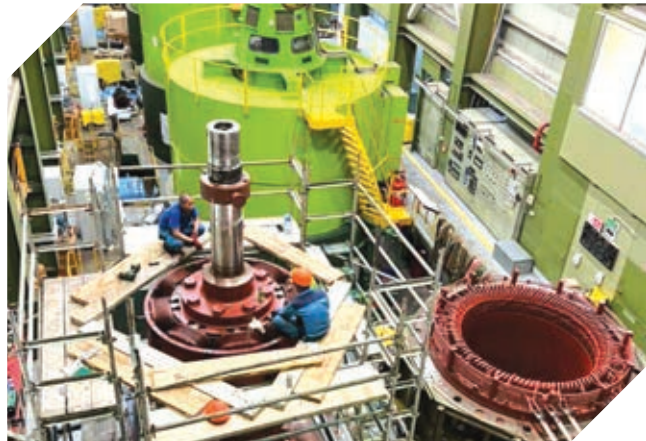
The section comprised skilled Project Technicians in the 3 main regions, who oversaw electrical contractors wiring up customer installations, for Grid Extension Construction Projects.

This function had been previously carried out by the Department of Energy, however, this year the house wiring of New Power Line Construction Projects were offloaded to the Department. The Department of Energy will continue to carry out this function for where the EFL grid already exists.

### MONASAVU HYDRO-ELECTRIC SCHEME HALF-LIFE REFURBISHMENT

Work on the Monasavu hydro-electric scheme half-life refurbishment project, which commenced in 2013, was halted in 2020 and 2021 due to the COVID-19 pandemic. As at the end of the year, the project's total expenditure stood at around \$174k which was all funded by EFL from its internal cash. The costs incurred for 2021 was low due to the international closure of borders that restricted consultants/contractors traveling to Fiji due to the Covid-19 pandemic. With the lifting of travel restriction in early 2022, refurbishment of Wailoa power station Unit 2 and Unit 3 commenced and was completed in 2022. 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. EFL had spent around \$114M as at end of 2022 on the Monasavu hydro-electric scheme half-life refurbishment project.



### UPGRADING AND EXPANDING OUR TRANSMISSION NETWORK

Despite COVID-19 related challenges, four new 132kV/33kV power transformers were delivered, installed and commissioned in 2022, two at the Cunningham Road zone substation and two at the Vuda zone substation. Design review of the circuit breakers and voltage transformers for the four 132kV/33kV transformers were completed in 2022.



Installation of the new 132kV/33kV T2A Power Transformer at Cunningham Road Switch Yard.

These equipment are expected to be delivered in 2023, with installation and commission expected to be completed in early 2024. This project is critical to ensure security of supply of Hydro Power to the entire Viti Levu customers and is estimated to cost around \$42M.

A new 132kV Mimic panel was commissioned at the Vuda substation with majority of the controls of all 132kV equipment transferred to the new panel, with one pending item to be transferred in 2023. Replacement works for all 132kV disconnectors/isolators/earth switches in EFL's power system continued with four units replaced during 2022. 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 on track to be completed in 2023.

Rust refurbishment work on the lattice steel towers along the 132kV transmission line re-commenced in 2022 after being suspended in 2021 due to COVID-19. Work was completed on a total of 31 towers in 2022.

Work continued on the assessment of the condition of the towers which are yet to undergo rust refurbishment in order to develop tender packages for the rust refurbishment work and the associated access road works. The entire rust refurbishment project is expected to be completed by 2027 at a cost of around \$40M.

### ZONE SUB-STATION UPGRADING

Work continued on the nationwide upgrades to EFL's network infrastructure, increasing the capacity of substations and laying the groundwork to meet Fiji's growing demand for energy. Progress was, however, affected by the limitations imposed as a result of the Covid-19 coronavirus pandemic. Despite the pandemic, the new 33kV/11kV,6.6kV transformers at Suva zone substation were successfully commissioned.

### ESTABLISHMENT OF NEW ZONE SUB-STATIONS

Two new 33kV/11kV zone substations at Denarau and Naikabula were fully commissioned in 2022 at a cost of around \$19M. Work continued on the projects to establish a new 33kV/11kV zone substation at Waitolu to cater for the Water Authority of Fiji's new Viria Water reticulation scheme. These projects will ensure security of the existing power supply and cater for increase in demand in these areas.

### HUMAN RESOURCES

Today's Leaders in both the local and global workforce are the new millennials and are below the age group of 40. At EFL, 74% of our workforce is below the age group of 40. We have marked 56 years of our very rich, diverse and cultural existence as an organization. Our leaders have very solidly passed on their great learning to the next generation in the last 5 decades and our current leaders are undertaking the same task to mentor, train and develop a very young workforce. Human Resources business continued to evolve post the pandemic upon the review of the Strategic Human Resources Development Plan, Employment & Industrial Relations Plan, Health, Safety & Well-Being Strategic Plan and the Innovation Management Framework. These Plans provides a framework for our 'vuvales' engagement process linking to innovative management practices for long term business goals and outcomes. A strategically aligned Plan gives the Human Resources fraternity to grow and continue to innovate. In 2022, the challenge of ensuring that we continue to have a trained and experienced workforce, Energy Fiji Limited (EFL) kept on transforming its processes to ensure our 'vuvale' excels.

### EMPLOYEE RELATIONS

The Employee Relations Team continued to create a very harmonious relationship with the two (2) Unions that EFL is affiliated with i.e. Fiji Electricity Workers Association (FEWA) and Construction Energy & Timber Workers Union of Fiji (CETWUF). Both the Unions have been in dialogue with EFL in relation to employee welfare and this enabled the EFL 'vuvale' to grow. During the year, each quarter, Employee Relations Team, alongside, Health & Safety Team continued to visit each of the EFL locations in order to keep an informed and engaged 'vuvale'.

### CELEBRATION

EFL celebrated its biggest event in the year 2022. The EFL Corporate Fun Day themed 'Let us Meet' and the Awards Night themed 'Recognizing Our Vuvale'. The EFL Vuvale celebrated the day meeting and having games and fun with an extended 'vuvale' over lunch. EFL created this environment to reconnect with the 'vuvale'. The awards night in the evening gave an opportunity to recognize our hard working 'vuvale' for their passion in achieving results. The following categories were awarded:

- Employee of the Year 2nd Runner Up - 2019, 2020 & 2021;
- Employee of the Year 1st Runner Up - 2019, 2020 & 2021;
- Employee of the Year - 2019, 2020 & 2021



### HEALTH AND SAFETY

Safe Production - Zero Injuries as the vision has been driven across the organization through many initiatives. This Vision enables the EFL Vuvale to go back home safely and unite with their own Vuvale and the community. 2022, saw a rise in various capex projects which gave an opportunity for the Health & Safety Team to strictly



manage safe production - zero injuries via being present on site on rotational basis and work alongside the Teams to maintain compliance at the highest level.

EFL's safety covenant is stated as "Safety is our highest priority and we will practise this in everything we do". The key pillar of our Organisation is the strong and active leadership towards Health and Safety.

Risk Management is one of the key elements for Health and Safety Management System. In order to mitigate and provide a systematic approach, reference is made to the integrated Health, Safety & Well Being Strategic Plan.

Our Teams are rigorously practicing programs such as TAKE 5P, compliance to Safety Manual and have attended the Contractor Management Training on regular basis. A total of 154 corrective actions were identified and implemented through a total of 605 Field Visits and Hazard Reports.

Six hundred and fifty (650) employees were trained on the Safety Manual. Fifty (50) Bula Taqomaki Newsletters were released in 2022. The newsletter provides the employees with awareness in relation to operational safety and it gives us an opportunity to be engaged with our employees and reinforce the Safety Vision: Safe Production - Zero Injuries.

### HEALTH AND SAFETY RECOGNITION PROGRAM

EFL celebrated the biggest Health and Safety Recognition Program in 2022. There are thirty-six (36) registered Safety Teams across EFL. In order to qualify for the awards, Safety Teams' must meet the criteria and write their Teams achievements for each year of application. Safety Teams were recognized in the categories as listed below and for each respective year:

- Safety Team of the Year (Winner) for years 2019, 2020 & 2021;
- Safety Team of the Year (1st Runner up) for years 2019, 2020 & 2021;
- Safety Team of the Year (2nd Runner up) for years 2019, 2020 & 2021.



### LEARNING & DEVELOPMENT

A learning and development (L&D) strategy via the Training Plan 2022 outlines how as an organization, we develop our workforce capabilities, skills and competencies. It's a key part of the overall business strategy against the challenge of skilled workforce migration. EFL lost fifty-four (54) technical employees for greener pastures overseas with an average age of 34 and eight (8) employees to local companies with an average age of 37. EFL proactively managed and was fully prepared for the high level of migration since 2018. EFL commenced its bonding programs to the entry level positions in the technical areas of recruited Apprentices and Graduate Engineers. It continued to invest in their training as part of their succession plan.

### GRANTS SCHEME - LEADING FIJI

Under the Training Grants Scheme, "Method A", EFL marks yet another record achievement for the fourth (4th) consecutive year with 100% grants claim for the year 2021. The Training Team paves a pathway for the employees to synchronize their personal and organizational goals.

### INNOVATION

83% of our workforce were part of the sixty-four (64) EFL Innovation Teams. The Innovation Teams were engaged in their respective Team Projects. The project implementation was guided by our Innovation Management Framework. The Teams were encouraged to align their Projects to the following categories:

- Product innovation (which results in new products or services or enhancements)
- Process innovation (which results in improved processes within the organization)
- Management innovation (which improves the way the organization is managed)

EFL hosted its Inaugural Virtual Innovation Convention on 5th September 2022 which was officially opened by the Deputy Chief Executive Officer, Mr. Chitoshi Fukuda. A total of 39 Teams with 39 Innovative ideas were present. It was telecasted Live through the Zoom platform to our major locations e.g. Navutu, Head Office, Kinoya and Labasa.



EFL hosted its Inaugural Virtual Innovation Convention on 5th September 2022

This was the first for any organization in Fiji and a milestone achievement for our organization. We have now set the benchmark where other organizations in Fiji can only aspire and learn from.

Our commitment to our organization's values only leads us to live on, thus enabling it to be part of the organizational culture as a growing organization. Innovation drives a culture of continuous improvement with our Vuvale given the nature of our business and builds resilience.

The survival of either an individual or an organization purely rests on new ideas. New ideas generate from the exposure the individual has had. When ideas are thought off again and again, then written and then shared, it's only then we are able to share amongst our fellow colleagues which then becomes larger than life in size. With new ideas and new themes, the workplace environment drastically changes and there is absolutely a new dimension to the workplace. A new thought process commences and the dynamics of people changes. The Human Resources division at EFL is proactively mitigating the challenges ahead.

### APPRENTICESHIP TRAINING

The Apprentices Training has been reinforced to transform and develop EFL's talent internally. EFL has been developing young, dynamic and champion of skills in the Utility sector through the Apprenticeship program. EFL had its share of achievements at the Fiji National University (FNU) Apprentices Graduation held on 29th September 2022 as stated below:

- 1st Runner Up Overall Apprentice of the Year - Kaushal Kamal Deo;
- Best Apprentice in Trade - Electrical Fitter Mechanic - Kaushal Kamal Deo;
- Merit Award in Trade - Electrical Fitter Mechanic - Frank Wilson Senikaucova;
- Gold Medal Award in Certificate IV in Electrical Engineering - Benjamin Karawa.



EFL Apprentices with their graduation awards, after completing their Apprenticeship studies at the Fiji National University, Nasinu.

### SUPPLY CHAIN FUNCTIONS

The impact of COVID-19 continued to affect the global supply chain in 2022. The cost of shipping and freight to Fiji rose exponentially during and after the Covid-19 pandemic. At EFL, we are part of the global supply chain and experienced the disruptions in terms of commodity shortage, shipping delays, port congestions, freight and shipping cost increases and sourcing of raw materials from both local and overseas suppliers. This affected the timely implementation of EFL's capital expenditure plan and the procurement of essential equipment, spare parts and critical inventories for ongoing repairs and maintenance work. Customer-funded projects for power supply infrastructure development were also affected and as a result, the execution time stretched significantly since 2021, due to extremely long lead times in sourcing critical equipment. The lead-time (from placing of orders to receiving of the items) for items such as transformers, switchgears, cables, cable accessories and other line hardwares increased substantially from 14 weeks (pre-Covid-19) to 40 weeks (during and after Covid-19). The delays have affected our planning and also meeting the expectations of new customers/new developers who on a daily basis apply for power supply for their developments.

EFL adopted the following key strategies to mitigate the impact of the supply chain disruptions:

- Having a contingency plan for supply chain emergencies;
- Regularly monitoring supply chain vulnerability;
- Identify back up supplies and engage with multiple suppliers to spread out risk; and
- Having minimum stock levels based on historical usage and known forward workloads.

### 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.



2022 saw the Supply Chain Unit continue its ongoing focus in optimizing performance in critical operational areas, including 'just-in-time' 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 designed 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.
- PLAN and MANAGE: supply chain disruption

### SUPPLY CHAIN UNIT 2022 PERFORMANCE OUTCOMES

Given the corporate and aligned divisional objectives, the following primary outcomes were achieved in 2022:

#### 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 major projects that helped EFL meet its key performance indicators for the core strategic business areas.
- In terms of the actual average tender turnaround time (for tenders valued between \$10k and \$100k), 6.98 weeks was accomplished for the year against a target of 7 weeks.
- Financial savings through procurement and tender negotiations was achieved by EFL. As at 31st December 2022, the savings was around \$845K via tender negotiations against a target of \$800K. This shows the effectiveness of a tender negotiations culture within the EFL team.

#### 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 of \$6.14M against a target of \$10M.
- Average stock turn target (improvement of stock utilization rates) of greater than or equal to 8% was exceeded, with 9.3% average stock turn achieved in 2022. 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.
- Tender was called and awarded in 2022 for the Design and Build of a major warehouse in the North to better manage EFL's inventory. This Warehouse will act as a 'one-stop shop' where all EFL's inventory will be kept under one roof for better stock management and control and also mitigating any risk of fraud and stock variances.
- The COVID-19 pandemic has changed the business environment for EFL to react and adapt to uncertain global situation. EFL took a proactive approach to plan in advance and place production orders with Suppliers to ensure there was no stock outs to provide better and reliable service to its customers.
- Shortage of containers, Port Congestions, high freight and shipping costs during the lockdowns created many uncertain situations that required immediate attention in the early days of the pandemic. EFL has commenced the "recovery mode" and started to plan for the longer lead times in collaboration with its Suppliers.



EFL imported new power transformers to replace existing aged power transformers to increase the reliability and security of power supply to its customers.

177°00' E 177°10' E 177°20' 177°30' 177°40' 177°50' 178°00' 178°10' 178°20' 178°30'

# VISION

'Energising our Nation'

# 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'

## EFL POWER SYSTEM LEGEND

	132kV Line		Diesel Power Station
	Proposed 132kV Line		Hydro Power Station
	33kV Line		132kV Substation
	Proposed 33kV Line		33kV Substation
	11kV Line Coverage		132kV Proposed Substation
	Proposed 11kV Line		33kV Proposed Substation
	6.6kV Line Coverage		Butoni Wind Farm
	EFL Repeater Station		Biomass/ IPP Power Station

CAWAIRA PS  
FSC

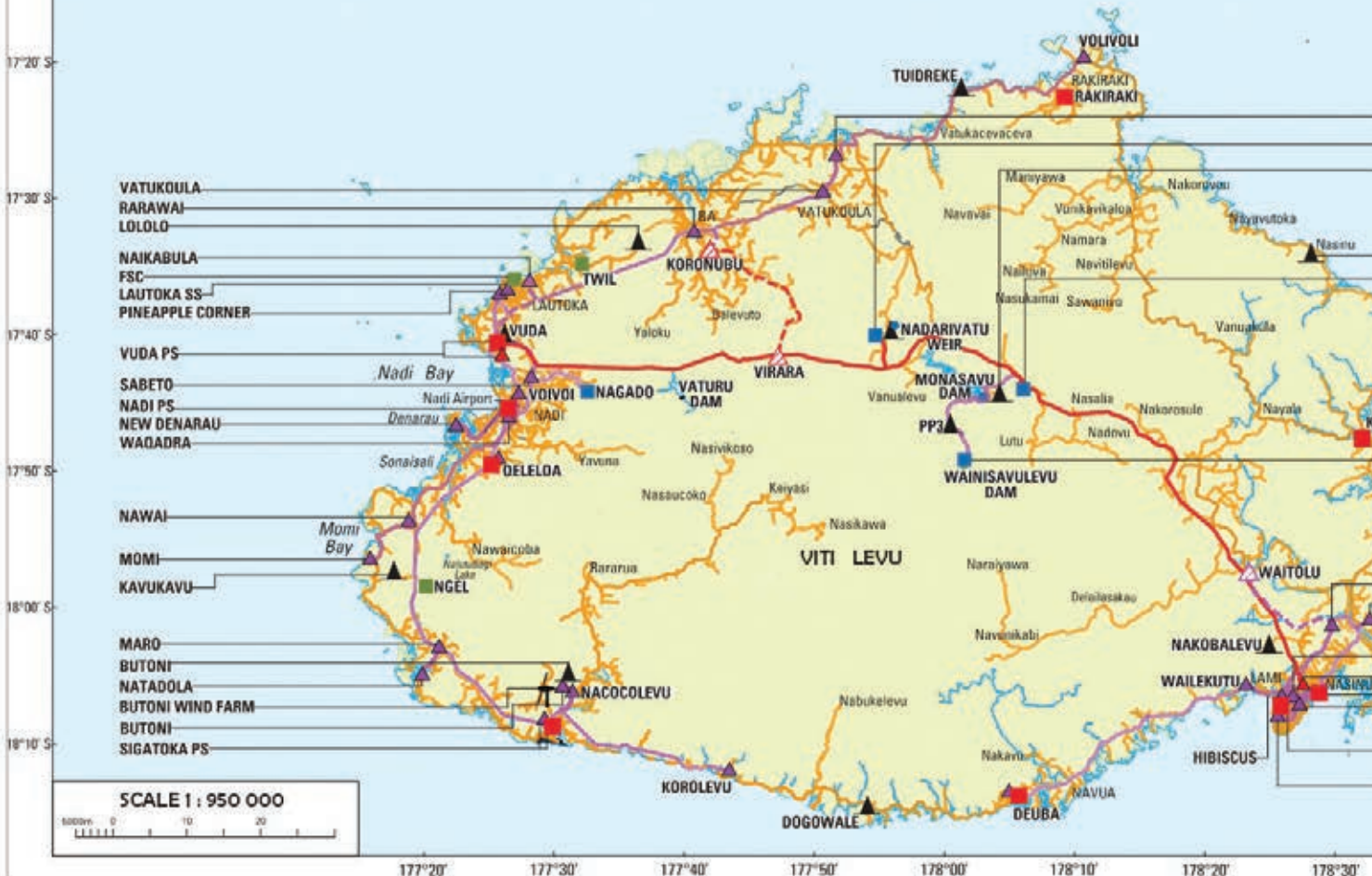
SEAQADA

DREKETI

ULUILAGI

WAINIQUEU

SAVUSAVU



VATUKOULA  
RARAWAI  
LOLOLO  
NAIKABULA  
FSC  
LAUTOKA SS  
PINEAPPLE CORNER  
VUDA PS  
SABETO  
NADI PS  
NEW DENARAU  
WAQADRA

NAWAI  
MOMI  
KAVUKAVU

MARO  
BUTONI  
NATAODLA  
BUTONI WIND FARM  
BUTONI  
SIGATOKA PS

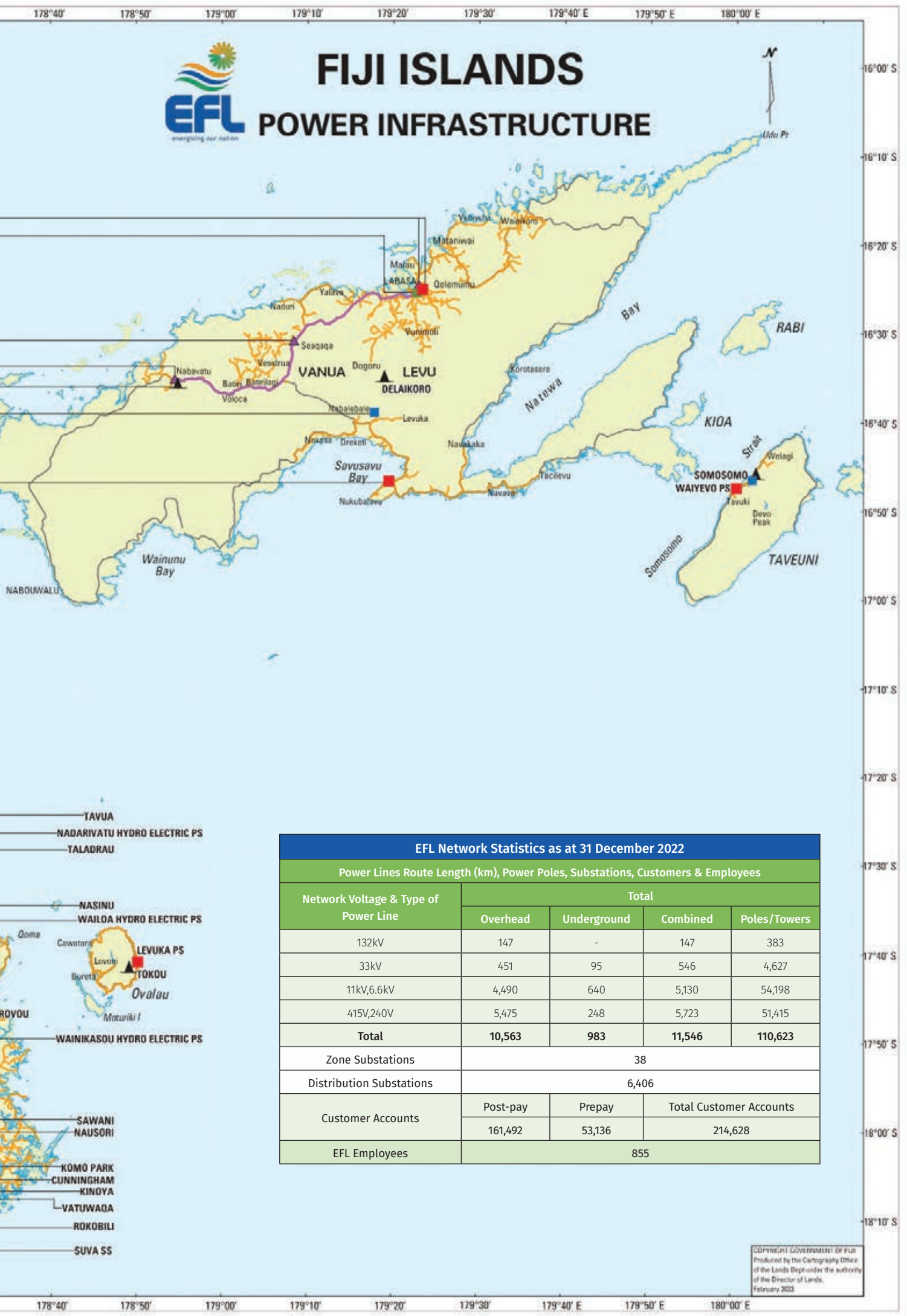
SCALE 1 : 950 000

177°20' 177°30' 177°40' 177°50' 178°00' 178°10' 178°20' 178°30'



# FIJI ISLANDS

## POWER INFRASTRUCTURE



**EFL Network Statistics as at 31 December 2022**

Power Lines Route Length (km), Power Poles, Substations, Customers & Employees

Network Voltage & Type of Power Line	Total			
	Overhead	Underground	Combined	Poles/Towers
132kV	147	-	147	383
33kV	451	95	546	4,627
11kV,6.6kV	4,490	640	5,130	54,198
415V,240V	5,475	248	5,723	51,415
<b>Total</b>	<b>10,563</b>	<b>983</b>	<b>11,546</b>	<b>110,623</b>
Zone Substations	38			
Distribution Substations	6,406			
Customer Accounts	Post-pay	Prepay	Total Customer Accounts	
	161,492	53,136	214,628	
EFL Employees	855			

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of the Director of Lands,  
February 2023

# FINANCIAL STATEMENTS

for the year ended 31 December 2022

Director's Report	41-42
Director's Declaration	43
Independent Auditor's Report	44-46
Auditors Independence Declaration to the Directors of Energy Fiji Limited	47
Statement of Comprehensive Income	48
Statement of Financial Position	49
Statement of Cash Flows	50
Statement of Changes in Equity	51
Notes to and forming part of the Financial Statements	52-83
Network Statistics	84-85
Generation Statistics	86





## DIRECTOR'S REPORT for the year ended 31 December 2022 Energy Fiji Limited

In accordance with a resolution of the Board of Directors, the Directors of Energy Fiji Limited ("the Company or EFL") present their report together with the financial statements of the Company for the year ended 31 December 2022.

### 1 DIRECTORS

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

Daksesh Patel (Chairman )  
 Gardiner Henry Whiteside  
 Shiri Gounder  
 Koichi Tsunematsu  
 Chitoshi Fukuda  
 So Horikiri  
 Hasmukh Patel

### 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 2017 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 2022 was \$58.1 million (2021: \$66.6 million).

### 4 DIVIDEND

The Directors declared and paid \$46.6 million in dividends for the year ended 31 December 2022 (2021: \$20 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 realised in the ordinary course of business.

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

### 7 SIGNIFICANT EVENTS DURING THE YEAR

- a) The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries caused oil prices to spike. Oil prices reached a 8-year high, going above US\$100 per barrel which was higher than EFL's budgeted fuel price of US\$71 per barrel for 2022. EFL was 82% hedged of its actual fuel usage for 2022 at the weighted average price of US\$77.90 per barrel, which gave the company a realised hedge gain of \$27.9M in 2022 reducing the impact of high fuel price. EFL's net fuel cost was \$138.3M but if EFL was not hedged for 82% of its actual fuel usage than it would have incurred a fuel cost of \$166.2M, an additional fuel cost of \$27.9M.
- b) On 10 January 2022, TC Cody headed to Fiji where it hit the Fiji group as a category 1 cyclone. The cyclone caused power disruptions and damage to the power line infrastructures as a result of strong winds and widespread flooding. The cost of the power restoration to the affected areas in Fiji was around \$0.7M.

### 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 accompanying 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 would 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.

## DIRECTOR'S REPORT for the year ended 31 December 2022

### 11 EVENTS SUBSEQUENT TO BALANCE DATE

- a) The four year cycle for the current tariff will end on 30 September 2023 (i.e. from 1 October 2019 to 30 September 2023) and EFL will be submitting its tariff review to the regulator Fijian Competition and Consumer Commission (FCCC) as per the Electricity Tariff Methodology.
- b) On 8 March 2023, the European Investment Bank (EIB) signed a letter of intent with Energy Fiji Limited (EFL) to support two major renewable energy projects, namely the Qaliwana and Vatutokotoko hydropower plants. The projects will help to significantly increase the share of renewable energy in Fiji's generation capacity.

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 26 day of April 2023.

Daksesh Patel

**DIRECTOR**

Koichi Tsunematsu

**DIRECTOR**



## DIRECTOR'S DECLARATION for the year ended 31 December 2022

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 2022:
  - 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 2022 and of the performance and cash flows of the Company for the year ended 31 December 2022; and
  - ii. have been prepared in accordance with the provisions of the Electricity Act and Companies Act, 2015;
- b) The Directors have received declarations 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 26 day of April 2023.

Daksesh Patel

**DIRECTOR**

Koichi Tsunematsu

**DIRECTOR**



## Independent Auditors' Report

### To the Shareholders of Energy Fiji Limited

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Energy Fiji Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

The Company has recorded assets generated from the Rural Electrification Scheme as part of its property, plant and equipment in Note 11. Government have not yet transferred the ownership of these assets to the Company. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and Directors' report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein of this other information, we are required to communicate that fact. We have nothing to report in relation to the Directors' report.

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## Independent Auditors' Report

### To the Shareholders of Energy Fiji Limited

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

We 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 we identify during our audit.



## Independent Auditors' Report

### To the Shareholders of Energy Fiji Limited

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

### Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion:

- (i) proper books of account have been kept by the Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and
- (ii) to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

**KPMG**

KPMG

Chartered Accountants

A handwritten signature in black ink, appearing to read 'Steve Nutley'.

Steve Nutley

Partner

Suva, Fiji

28 April 2023



## Independence Declaration

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**For the year ended 31 December 2022**

**Auditors Independence Declaration under Section 395 of the Companies Act 2015**

To the Directors of Energy Fiji Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 31 December 2022 and up to the date of this report there have been:

- i). no contraventions of the Auditor independence requirements as set out in the Companies Act 2015 in relation to the audit; and
- ii). no contraventions of any applicable code of professional conduct in relation to the audit.

  
KPMG  
Chartered Accountants

  
Steve Nutley  
Partner  
Suva, Fiji  
28 April 2023

**STATEMENT OF COMPREHENSIVE INCOME** for the Year Ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
Revenue - electricity sales	5	371,390	318,912
Other income, excluding cyclone related income	5	11,801	10,346
<b>Total revenue and other income, excluding cyclone related income</b>		<b>383,191</b>	<b>329,258</b>
Change in allowance for expected credit loss		382	(446)
Personnel costs		(27,367)	(26,735)
Fuel costs		(138,292)	(77,761)
Electricity purchases		(33,478)	(27,819)
Town and city rates		(270)	(170)
Depreciation on property, plant and equipment and right-of-use assets		(49,129)	(46,027)
Amortisation of intangible assets		(285)	(382)
Other operating expenses		(57,047)	(38,771)
<b>Total expenses, excluding cyclone restoration costs</b>		<b>(305,486)</b>	<b>(218,111)</b>
<b>Profit before finance costs, cyclone related income/costs, and income tax</b>		<b>77,705</b>	<b>111,147</b>
<b>Net finance cost:</b>			
Finance cost		(10,603)	(11,439)
Finance income		1,912	3,544
Unrealised foreign exchange (loss)/gain, net		(56)	594
<b>Profit before cyclone related income/costs, and income tax</b>		<b>68,958</b>	<b>103,846</b>
Cyclone restoration costs		(720)	(7,226)
Cyclone related income - insurance compensation		2,754	-
<b>Profit before income tax</b>	6	<b>70,992</b>	<b>96,620</b>
Income tax expense	7(a)	(12,882)	(30,030)
<b>Profit after income tax</b>		<b>58,110</b>	<b>66,590</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges		(3,186)	2,825
<b>Total comprehensive income for the year, net of tax</b>		<b>54,924</b>	<b>69,415</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.





## STATEMENT OF FINANCIAL POSITION as at 31 December 2022

	Notes	2022 \$'000	2021 \$'000
<b>SHAREHOLDERS EQUITY</b>			
Share capital	23	750,000	750,000
Retained earnings		204,747	193,250
Hedging reserves	24	(3,186)	2,825
<b>TOTAL EQUITY</b>		<b>951,561</b>	<b>946,075</b>
Represented by:			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8(a)	115,002	114,563
Held to maturity financial assets	8(b)	159,263	154,419
Receivables and prepayments	9	39,420	36,681
Derivative financial assets	3.1(a)	1,858	6,229
Inventories	10	30,220	28,721
<b>TOTAL CURRENT ASSETS</b>		<b>345,763</b>	<b>340,613</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	1,142,436	1,135,599
Intangible assets	12	163	448
Right-of-use assets	18(a)	29,874	27,272
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,172,473</b>	<b>1,163,319</b>
<b>TOTAL ASSETS</b>		<b>1,518,236</b>	<b>1,503,932</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	104,497	81,360
Derivative financial liability	3.1(a)	2,129	-
Employee benefit liability	14	3,947	3,619
Interest-bearing borrowings	15	18,056	18,054
Deferred income	16	3,916	3,006
Lease liabilities	18(b)	478	154
Current tax liability	7(d)	5,656	9,200
<b>TOTAL CURRENT LIABILITIES</b>		<b>138,679</b>	<b>115,394</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	53,035	58,032
Interest-bearing borrowings	15	148,624	166,680
Lease liabilities	18(b)	30,728	28,084
Deferred income	16	118,113	113,199
Deferred tax liabilities	7(c)	77,496	76,469
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>427,996</b>	<b>442,464</b>
<b>TOTAL LIABILITIES</b>		<b>566,675</b>	<b>557,857</b>
<b>NET ASSETS</b>		<b>951,561</b>	<b>946,075</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS** for the year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		380,091	326,569
Payments to suppliers and employees		(242,421)	(173,351)
Net acquisition of derivatives		488	(2,177)
Interest received		1,284	2,893
Interest paid		(10,854)	(11,576)
Insurance proceeds for business interruption		2,754	-
Tax payments/Withholding taxes paid		(15,258)	(12,413)
		<b>116,084</b>	<b>129,945</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(52,495)	(55,691)
New term deposits during the year		(5,000)	(30,000)
Proceeds on grants (includes rural electrification)		5,467	2,798
Proceeds from disposal of property, plant and equipment		162	393
		<b>(51,866)</b>	<b>(82,500)</b>
<b>Cash flows from financing activities</b>			
Repayment of bonds and loans		(18,054)	(18,053)
Proceeds from borrowings - local		-	12,260
Repayment of lease liability - principal portion only		(219)	(189)
Proceeds for refundable contribution for general extension deposit		6,043	6,545
Refunds from refundable contribution for general extension deposit		(4,880)	(3,163)
Dividends paid	25	(46,613)	(20,037)
		<b>(63,723)</b>	<b>(22,637)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Effect of exchange rate movement on cash and cash equivalents		(56)	594
Cash and cash equivalents - at 1 January		114,563	89,161
<b>Cash and cash equivalents - at 31 December</b>	<b>8</b>	<b>115,002</b>	<b>114,563</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2022

	Share capital	Hedging reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2021</b>	<b>750,000</b>	<b>1,957</b>	<b>146,697</b>	<b>898,654</b>
<b>Total comprehensive income</b>				
Profit for the year	-	-	66,590	66,590
Transfer of hedge reserve to Statement of Comprehensive income	-	(1,957)	-	(1,957)
Other comprehensive gain for the year	-	2,825	-	2,825
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>868</b>	<b>66,590</b>	<b>67,458</b>
Transactions with shareholders of the Company				
Dividend declared	-	-	(20,037)	(20,037)
<b>Total transactions with shareholders of the Company</b>	<b>-</b>	<b>-</b>	<b>(20,037)</b>	<b>(20,037)</b>
<b>Balance as at 31 December 2021</b>	<b>750,000</b>	<b>2,825</b>	<b>193,250</b>	<b>946,075</b>
<b>Total comprehensive income</b>				
Profit for the year	-	-	58,110	58,110
Transfer of hedge reserve to Statement of Comprehensive Income	-	(2,825)	-	(2,825)
Other comprehensive gain for the year	-	(3,186)	-	(3,186)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(6,011)</b>	<b>58,110</b>	<b>52,099</b>
Transactions with shareholders of the Company				
Dividend declared	-	-	(46,613)	(46,613)
<b>Total transactions with shareholders of the Company</b>	<b>-</b>	<b>-</b>	<b>(46,613)</b>	<b>(46,613)</b>
<b>Balance as at 31 December 2022</b>	<b>750,000</b>	<b>(3,186)</b>	<b>204,747</b>	<b>951,561</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 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 2017 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 2017 and the 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 26 April 2023.

#### 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 Fijian 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 except where stated otherwise. 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.

#### f. Use of Judgements and Estimates

In the application of IFRS, management has made 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.

#### g. 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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 1. GENERAL INFORMATION (Continued)

#### g. Current versus non-current classification (Continued)

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.

#### h. Changes in Accounting Policies

##### New standards, interpretations and amendments

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application permitted; however the Company has not early adopted the new or amended standards in preparing their financial statements.

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

- Insurance Contracts (Amendment to IFRS 17)
- Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimates (Amendments to IAS 8)
- Deferred tax related assets and liabilities (Amendments to IAS 12)
- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures)

### 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. Borrowings

Borrowings are recognised 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 repayment amount 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.

#### b. Borrowing costs

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

The government guarantee fees on loans drawdown specifically for capital projects are also capitalised as part of the cost of the assets. Other guarantee fees paid are expensed. Capitalised borrowing costs are amortised over the useful life of the assets.

#### c. 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 or 8 years. This is in accordance with the determination by the Fijian Competition and Consumer Commission (FCCC).

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c. Refundable and non-refundable capital contributions (Continued)

Non-refundable capital contributions are grants received to acquire or construct property, plant and equipments. Accounting for grants refer to note 2(f).

#### d. 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.

#### e. Comparative figures

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

#### f. Deferred income

Grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants related to acquisition of assets are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as a systematic basis in the periods in which the expenses are recognised.

#### g. 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 based 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.

##### iii. Defined contribution plans

Obligations for contributions to Fiji National Provident Fund (defined contribution plan) are expensed as the related service is provided.

#### h. Foreign currency translation

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

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

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

#### i. 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.

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.

#### j. 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 fair 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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### j. Impairment of non-financial assets (Continued)

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 profit or loss.

#### k. 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 THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k. Financial instruments (Continued)

##### ii. Classification and subsequent measurement (Continued)

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. non-recourse 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.

##### 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 in a transaction in which either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k. Financial instruments (Continued)

##### iv. Derecognition of financial asset (Continued)

- (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 as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and not gains and losses, including any interested expenses, are recognised in profit or loss. Other financial liabilities are subsequently recognised at amortised costs using effective interest rate. Interest expense and foreign exchange differences are recognised in profit or loss.

##### ii. 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.

##### iii. 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 offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### v. 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 a 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 actions 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 Standards & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k. Financial instruments (Continued)

##### v. Impairment of financial assets (Continued)

###### Measurement of ECLs:

ECLs are a probability-weighted estimates 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 Company 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 90 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.

#### l. 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.

#### m. 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### m. Leased assets (Continued)

##### i. As a lessee

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 long term Government bond rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; 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).

##### 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 income'.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### m. Leased assets (Continued)

##### ii. As a lessor (Continued)

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

#### n. 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 provided at reporting date.

#### o. Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs 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 transactional costs. 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.

##### Subsequent expenditure

Subsequent expenditure above \$300 is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

##### 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	1.01%
Buildings - concrete and 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%
Windmill	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 profit or loss.

##### Repairs and maintenance

Repairs and maintenance is charged to profit or loss when 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 THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o. Property, plant and equipment (Continued) Repairs and maintenance (Continued)

Cyclone related costs in substance are repairs and maintenance but presented in the statement of comprehensive income separately as this repairs and maintenance are not incurred in ordinary course of business but as a result of a specific triggering event i.e. a natural disaster.

#### p. 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.

#### q. Rounding off amounts

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

#### r. Dividend distribution

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

#### s. Finance income and finance costs

The Company's finance income and finance costs include:

- interest income on term deposits;
- guarantee fees paid to banks;
- 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.

#### t. 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### t. Fair value measurement (Continued)

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.

#### u. Revenue from sale of electricity

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 is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

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

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

Invoices are issued monthly and are usually payable within 14 days thus there is no significant financing component. Additionally, discount is provided to high voltage industrial and commercial customers against the approved tariff rates by Fijian Competition and Consumer Commission (FCCC).

Contract with domestic customers and some commercial customer's permit quantities of electricity consumed to be estimated based on previous months' average consumption in the event the Company could not conduct the monthly readings.

#### Revenue recognition

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

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

- Tiered pricing for commercial and industrial customers; and
- Estimate of unbilled electricity supplied to 'domestic and commercial' customers.

The variable consideration is included in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. In respect to the considerations from:

- a) Domestic customers with combined annual income less than or equal to \$30,000 are eligible for 16.34 cents per unit (VEP) subsidy for the first 100 kilowatt hours or less of electricity consumed per month. This is not a variable consideration because it is not discount but rather part of the customers invoice amount is paid by the Government.
- b) Industrial customers, these are not constrained because it is calculated based on actual units consumed during the period, thus consideration for the period is known.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### u. Revenue from sale of electricity (Continued)

##### Revenue recognition (Continued)

c) For domestic and some commercial customers, management estimates the unit of electricity supplied in the customers last bill. The unbilled electricity supplied at period end is estimated based on previous periods' average consumption (expected value). EFL considers this to be best estimate of the transaction price without incurring undue cost and time and thus not make it necessary for the Company to quantify all possible outcomes using complex models and techniques. Additionally, the full transaction price is not considered constrained as the likelihood and potential magnitude of the revenue reversal is not considered to be significant.

The Company had applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have an original expected duration of one year or less. Revenue recognition with respect to the Company's specific business activities are as follows:

##### 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 profit or loss on an accrual basis.

#### v. Fuel hedging

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. Company 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.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the statement of financial position.

##### Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. If the hedged cash flows are no longer expected to occur, then the Company immediately reclassifies the amount in the hedged reserve from OCI to profit or loss. For terminated hedged relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Company reclassifies the amount in the hedged reserve from OCI to profit or loss on a straight-line basis.

#### w. 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### w. Taxation (Continued)

##### Deferred tax (Continued)

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 profit or loss, except when it relates to items credited or debited directly to equity or other comprehensive income (OCI), in which case the deferred tax is also recognised directly in equity or OCI, 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.

#### x. 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.

#### y. Offsetting

Certain items of income and expense are offset when this is required or permitted by a standard; or when gains, losses and related expenses arise from the same transaction or event or from similar individually immaterial transactions and events. The following are being presented a net basis in the statement of comprehensive income.

- Finance income and finance cost
- Foreign exchange gains or losses
- cyclone related income and restoration costs

### 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.

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".





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### a. Market risk (Continued)

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-22 \$'000	31-Dec-21 \$'000
<b>Current assets</b>		
Forward foreign exchange contracts - cash flow hedges	226	262
Fuel hedging contracts - cash flow hedges	1,632	5,967
<b>Total derivative financial asset</b>	<b>1,858</b>	<b>6,229</b>
<b>Current liabilities</b>		
Forward foreign exchange contracts - cash flow hedges	-	-
Fuel hedging contracts - cash flow hedges	2,129	-
<b>Total derivative financial liability</b>	<b>2,129</b>	<b>-</b>

##### (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-22 \$'000	31-Dec-21 \$'000
<b>Foreign exchange hedging gains recognised in fuel cost</b>	<b>6,278</b>	<b>2,576</b>

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

	Weighted Average Hedge Rate	Notional Amount US\$'000
<b>AUD/USD Options</b>	<b>0.6815</b>	<b>14,100</b>

The following significant exchange rates have been applied as at reporting date:

	31-Dec-22
<b>FJD/USD</b>	<b>0.4664</b>
<b>FJD/AUD</b>	<b>0.6842</b>

##### Sensitivity analysis:

A reasonably possible strengthening (weakening) of the USD and AUD against Fiji Dollars at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast transactions.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (i) Foreign exchange risk (Continued)

	Strengthening \$'000	Weakening \$'000
USD	3,023	(3,023)
AUD	(2,665)	2,665

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 2022 (Actual)	1,874.70	88,658	166,207
Fuel price-Increase by 10%	2,062.17	88,658	182,828
Fuel Price-Decrease by 10%	1,687.23	88,658	149,586

Based on the above, if fuel price increase or decrease by 10%, the fuel costs to the Company would increase or decrease by \$16.62 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-22 \$'000	31-Dec-21 \$'000
<b>Brent crude hedging gain/(losses) recognised in fuel cost</b>	<b>21,636</b>	<b>19,076</b>

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	85.94	165,000
Brent Option	89.09	180,000



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (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.

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 around 75% of the 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 is exposed to interest rate risk from part of its borrowings from other commercial banks that are at variable interest rate, as it borrows funds at fixed interest rates. As at year end, \$41.88M borrowings from other commercial banks were at variable interest rate. Further sensitivities are provided to establish the impact to the finance cost if the current variable interest rate differs by 10% (increase or decrease).

	Variable rate loan balance	Weighted average variable interest rate per annum	Interest costs
	\$'000	Percentage	\$'000
Interest cost based on current variable weighted average interest rate	41,883	3.38%	1,416
Variable interest rate-Increase by 10%	41,883	3.72%	1,557
Variable interest rate-Decrease by 10%	41,883	3.04%	1,274

Based on the above, if variable interest rates increase or decrease by 10%, the interest costs to the Company would increase or decrease by \$0.14 million annually.

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.

The Company uses a provision matrix to determine the expected credit losses (ECL) of Receivables from individual customers, which comprise a large number of balances. 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 reviews the observed default and forward-looking estimate.

##### Expected credit loss assessment for receivables as at 1 January 2022 and 31 December 2022

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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### b. Credit risk (Continued)

The following table provides information about the exposure to credit risk and ECLs for receivables from individual customers as at 31 December 2022:

	Weighted- average loss rate	Gross carrying amount	Loss allowance
		\$'000	\$'000
<b>31 December 2022</b>			
Current – 30 days past due	0.23%	28,661	66
31 – 60 days past due	2.53%	2,222	56
61 – 90 days past due	25.11%	288	72
More than 90 days past due	30.84%	891	275
		<b>32,062</b>	<b>469</b>
<b>Other debtors</b>	<b>0.00%</b>	<b>1,485</b>	<b>-</b>
		<b>33,547</b>	<b>469</b>

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 \$115,001,949 at 31 December 2022 (2021: \$114,563,216). The cash is held with a bank, which is rated AA- based on Standards & Poor'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 have low credit risk based on the external credit ratings of the counterparties.

Due to short maturities and low credit risk the Company did not recognise impairment allowance as at 31 December 2022 (2021: \$nil) as the Company does not consider the impairment allowance to be material.

#### Debt investment securities

The Company held debt investment securities of \$160,000,000 at 31 December 2022 (2021: \$155,000,000). The debt investment securities are held with banks which are rated AA- to B- based on Standards & Poor'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 \$736,875 as at 31 December 2022 (2021: \$581,163) against its interest securities.

##### 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 a daily basis. Overall, the Company does not see liquidity risk as high given that a reasonable portion of revenues are billed and collected.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### c. Liquidity risk (Continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest payments.

Financial liabilities:	Less than one year	2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Trade and other payables (Note 13)	(104,497)	(52,097)	(938)	(157,532)
Interest-bearing borrowings	(25,862)	(155,450)	(7,600)	(188,912)
Lease liabilities	(2,083)	(7,672)	(135,485)	(145,240)
Derivative financial liability (Note 3.1(a))	(2,129)	-	-	(2,129)
<b>Total</b>	<b>(134,571)</b>	<b>(215,219)</b>	<b>(144,023)</b>	<b>(493,813)</b>

##### 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.

Financial assets:	Less than one year	2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Short term deposits (Note 8(b))	160,000	-	-	160,000
Receivables (Note 9)	33,030	-	-	33,030
Derivative financial asset (Note 3.1(a))	1,858	-	-	1,858
<b>Total</b>	<b>194,888</b>	<b>-</b>	<b>-</b>	<b>194,888</b>

Financial liabilities:	Less than one year	2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Trade and other payables (Note 13)	(104,497)	(52,097)	(938)	(157,532)
Interest-bearing borrowings	(18,056)	(144,126)	(4,498)	(166,680)
Derivative financial liability (Note 3.1(a))	(2,129)	-	-	(2,129)
<b>Total</b>	<b>(124,682)</b>	<b>(196,223)</b>	<b>(5,436)</b>	<b>(326,341)</b>

The financial instruments carried at fair value by the Company are the derivative financial instruments that consist of fuel and foreign exchange. These are listed at level 2 on the fair value hierarchy. Discounted cash flow is the valuation technique used to arrive at fair value. Future cash flows are estimated based on forward exchange rates and forward commodity prices (from observable rates at the end of the reporting period), discounted at a rate that reflects the credit risk of the counterparties.

##### (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 divide by total capital. Net debt is calculated as total borrowings (including

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 3. RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (iii) Capital risk management (Continued)

'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 2022 and 2021 were as follows:

	31-Dec-22	31-Dec-21
	\$'000	\$'000
Total borrowings (Note 15)	166,680	184,734
Less: Cash and cash equivalents (Note 8(a))	(115,002)	(114,563)
Less: Held-to-maturity financial assets (Note 8 (b))	(159,263)	(154,419)
Net debt	(107,585)	(84,248)
Total capital and reserves	951,561	946,075
Total capital (total capital and reserves plus net debt)	843,976	861,827
Gearing ratio (net debt / total capital and reserves plus net debt)	(12.75%)	(9.78%)

The decrease in the gearing ratio during the year resulted from the repayments of loans net amounting to \$18.1M in 2022 and through the record profit generated in 2022.

### 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 recognised 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 (i) - Allowance for inventory obsolescence
- Note 2 (k) - Allowance for expected credit losses
- Note 2 (o) - Property, plant and equipment
- Note 2 (v) - Fuel hedging - fair value measurement

### 5. OPERATING REVENUE

	2022	2021
	\$'000	\$'000
<b>ELECTRICITY SALES</b>		
Commercial	185,933	154,113
Industrial	79,927	67,789
Domestic	100,194	92,700
Others	5,336	4,310
<b>Total electricity sales</b>	<b>371,390</b>	<b>318,912</b>
<b>OTHER INCOME</b>		
Bad debts recovered	5	10
Liquidated damages	-	2,442
Contract sales	3,550	1,090



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 5. OPERATING REVENUE (Continued)

	2022 \$'000	2021 \$'000
Amortisation of deferred income - grants	3,541	2,706
Gain/(Loss) on disposal of plant and equipment	-	359
Lease rental - fibre optic	498	495
Power pole rentals	702	700
Rentals	15	16
Sales and commissions	1,147	427
Service and licence fees	2,312	2,022
Training revenue	31	79
<b>Total other operating revenue</b>	<b>11,801</b>	<b>10,346</b>
<b>Total revenue</b>	<b>383,191</b>	<b>329,258</b>

### 6. PROFIT BEFORE INCOME TAX

	2022 \$'000	2021 \$'000
Profit before income tax has been determined after charging the following expenses:		
Change in allowance for expected credit loss	(382)	446
Auditor's remuneration for auditing services	77	65
Professional fees for other services	1,452	1,021
Directors' fees	8	17
Lease expenses related to short term/low value operating leases	34	-
Depreciation on property, plant and equipment and right-of-use assets	49,129	46,027
Amortisation of intangible assets	285	382
Personnel costs	27,367	26,735

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 \$196,499 of electricity internally in 2022 (2021: \$120,055).

### 7. a) INCOME TAX EXPENSE

	2022 \$'000	2021 \$'000
The prima facie income tax on the pre-tax profit reconciles to the income tax expense as follows:		
Profit before income tax	70,992	96,620
Prima facie income tax payable at 20%	14,198	19,324
Tax effect of amounts which are not taxable in calculating taxable income:		
- Employee taxation scheme	(47)	(86)
- Amortisation of grant	(708)	(541)
- Uniform and FNPF incentive	(561)	(143)
- Financial assistance	-	5,460

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 7. a) INCOME TAX EXPENSE (Continued)

- Underprovision/overprovision in prior year  
Income tax expense attributable to profit  
Income tax expense comprises movements in:  
Deferred tax assets  
Deferred tax liabilities  
Current tax liabilities

2022	2021
\$'000	\$'000
-	6,016
<b>12,882</b>	<b>30,030</b>
(310)	282
1,337	11,419
11,855	18,329
<b>12,882</b>	<b>30,030</b>

### 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  
Unrealised exchange losses  
Accruals aged more than a year  
Provision for stock obsolescence  
Net of lease liability and right-of-use assets

103	180
11	34
69	-
136	-
205	-
<b>524</b>	<b>214</b>

### 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  
Right-of-use assets  
Unrealized exchange gain

78,020	76,696
-	(132)
-	119
<b>78,020</b>	<b>76,683</b>
<b>77,496</b>	<b>76,469</b>

### Net deferred tax liabilities

### d) CURRENT TAX LIABILITIES

Movement during the year were as follows:

Balance at the beginning of the year  
Income tax paid  
Tax liability for the current year  
Resident interest withholding tax deducted at source

### Balance at the end of the year

(9,200)	(3,477)
15,158	12,285
(11,855)	(18,329)
241	321
<b>(5,656)</b>	<b>(9,200)</b>

### 8. a) CASH AND CASH EQUIVALENTS

Cash at bank and on hand - EFL operation  
USD bank account off-shore  
Project bank account on-shore (b)  
USD fuel payment bank account  
USD hedge settlement bank account  
Total cash and cash equivalents

2022	2021
\$'000	\$'000
42,774	41,459
4,979	8,060
35,056	29,574
13,190	15,705
19,003	19,765
<b>115,002</b>	<b>114,563</b>





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 8. a) CASH AND CASH EQUIVALENTS (Continued)

- (i) 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.  
(ii) The total Syndicate Banking facility available but not used at year end was \$116.1M.

### b) HELD-TO -MATURITY FINANCIAL ASSETS

	2022 \$'000	2021 \$'000
Short term deposits	160,000	155,000
Expected credit loss	(737)	(581)
<b>Total held-to-maturity financial assets (net)</b>	<b>159,263</b>	<b>154,419</b>

The short term deposit's amounting to \$10M is held with Westpac Banking Corporation (WBC), \$60M is held with Bank of South Pacific (BSP) and \$90M is held with Home Finance Company Limited (HFC). Interest rate offered on these deposits range from 0.25% to 1.25%. The short term deposits has a maturity of twelve months or less from the date of inception.

### 9. RECEIVABLES AND PREPAYMENTS

	2022 \$'000	2021 \$'000
Electricity debtors (a)	32,062	30,529
Other debtors	1,485	921
Prepayments and deposits	6,391	6,131
	<b>39,938</b>	<b>37,581</b>
Allowance for doubtful debts		
- Electricity debtors	(469)	(846)
- Other debtors	(49)	(54)
<b>Total receivables and prepayments (net)</b>	<b>39,420</b>	<b>36,681</b>

(a) Electricity debtors include receivable from Government of Fiji amounting to \$3.72M (2021: \$3.46M).

(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	900	454
Impairment loss/gain during the year	(382)	446
<b>Balance as at 31 December</b>	<b>518</b>	<b>900</b>

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

	Current 30 Days \$'000	30 Days \$'000	60 Days \$'000	Over 60 Days \$'000	Total \$'000
<b>2022</b>	30,185	698	288	891	32,062
<b>2021</b>	22,694	4,721	626	2,488	30,529

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 \$47.1M (2021: \$45.7M). 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 10. INVENTORIES

	2022	2021
	\$'000	\$'000
Consumables - at cost	24,149	21,981
Fuel	6,751	7,250
Total gross inventory	30,900	29,231
Provision for stock obsolescence	(680)	(510)
<b>Total net inventory</b>	<b>30,220</b>	<b>28,721</b>

### 11. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$'000	\$'000
<b>Freehold land</b>		
<b>At cost</b>	<b>28,943</b>	<b>28,943</b>
<b>Leasehold land</b>		
At cost	16,163	16,163
Accumulated depreciation	(3,029)	(2,859)
	<b>13,134</b>	<b>13,304</b>
<b>Buildings and improvements</b>		
At cost	90,035	89,342
Accumulated depreciation	(26,290)	(25,131)
	<b>63,745</b>	<b>64,211</b>
<b>Dam, tunnels, water conductor</b>		
At cost	553,056	553,056
Accumulated depreciation	(136,687)	(126,391)
	<b>416,369</b>	<b>426,665</b>
<b>Plant, equipment and transmission assets</b>		
At cost	830,349	812,707
Accumulated depreciation	(394,490)	(366,797)
	<b>435,859</b>	<b>445,910</b>
<b>Furniture and fittings</b>		
At cost	38,263	37,334
Accumulated depreciation	(28,666)	(26,596)
	<b>9,597</b>	<b>10,738</b>
<b>Windmill</b>		
At cost	34,178	34,393
Accumulated depreciation	(29,741)	(24,943)
	<b>4,437</b>	<b>9,450</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2022 \$'000	2021 \$'000
<b>Motor vehicles</b>		
At cost	30,644	29,960
Accumulated depreciation	(27,529)	(25,491)
	<b>3,115</b>	<b>4,469</b>
<b>Capital spares</b>		
<b>At cost</b>	<b>2,950</b>	<b>5,934</b>
<b>Capital works in progress</b>		
Rural and Urban Reticulation & System Reinforcement	16,101	17,883
33kV Outdoor Circuit-Western Region & Central	2,124	2,124
33kV Cable Waqadra S/S To Denarau S/S	1,614	1,614
Switchgear & 110V DC System for Wailoa Project	7,019	4,088
33/11kV Zone Substation, Naikabula, Ltk	8,625	7,281
Virara Project	22,754	16,774
Generator Rehabilitation Project at Wailoa	20,632	13,946
Replacement Rust Refurbishment 4xTransmission & Telecom Towers	2,573	1,749
EFL's Backbone Communication Network Upgrade	1,453	1,453
2x132kV/33kV P/Transformer Cunningham Rd Sub-Station	11,839	7,351
2x132kV/33kV P/Transformer Vuda Sub-Station	11,869	6,691
2x15/18MVA 33kV/11kV P/Transformers Rarawai & Sigatoka Sub-Station	6,454	6,418
2 x 25MVA Transformer Upgrade & Replacement, Kinoya	3,023	3,023
Rust Refurbishment 51 Towers 132kV Wailoa-Cunningham	5,787	5,166
2x10/12MVA P/Transformer Suva Sub-Station & Wailekutu	2,670	2,486
Establishment of a new 33/11kV zone Sub-Station Denarau	6,095	5,751
Water Authority Fiji Viria Project	6,119	2,731
Design Supply Install 2x10/12MVA P/Transf Suva Sub-Station	2,811	2,461
Rust Refurbishment Wailoa-Cunningham 132kV Transmission Line T1-T47	2,609	-
Others	22,116	16,985
<b>Total</b>	<b>164,287</b>	<b>125,975</b>
- At cost	1,788,868	1,733,807
- Accumulated depreciation	(646,432)	(598,208)
<b>Closing net book value</b>	<b>1,142,436</b>	<b>1,135,599</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

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	Leasehold land	Buildings & improvements	Dam, tunnels and water conductor	Plant, equipment & transmission assets	Furniture & fittings	Wind mill	Motor vehicles	Capital spares	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2021</b>	<b>28,943</b>	<b>13,474</b>	<b>65,371</b>	<b>436,965</b>	<b>436,472</b>	<b>11,331</b>	<b>11,169</b>	<b>5,018</b>	<b>5,143</b>	<b>118,891</b>	<b>1,132,777</b>
Additions	-	-	-	-	-	1,334	-	1,898	175	44,073	<b>47,480</b>
Disposals	-	-	-	-	-	-	-	(33)	-	-	<b>(33)</b>
Transfers in/(out) from WIP	-	-	-	-	36,989	-	-	-	-	(36,989)	-
Transfers from inventory	-	-	-	-	-	-	-	-	881	-	<b>881</b>
Depreciation charge	-	(170)	(1,160)	(10,300)	(27,551)	(1,927)	(1,719)	(2,414)	(265)	-	<b>(45,506)</b>
<b>Balance as at 31 December 2021</b>	<b>28,943</b>	<b>13,304</b>	<b>64,211</b>	<b>426,665</b>	<b>445,910</b>	<b>10,738</b>	<b>9,450</b>	<b>4,469</b>	<b>5,934</b>	<b>125,975</b>	<b>1,135,599</b>
Additions	-	-	128	-	-	699	-	690	421	56,749	<b>58,689</b>
Disposals	-	-	-	-	-	-	(215)	(7)	-	-	<b>(222)</b>
Transfers in/(out) from WIP	-	-	565	-	17,642	230	-	-	-	(18,437)	-
Transfers from inventory	-	-	-	-	-	-	-	-	(3,083)	-	<b>(3,083)</b>
Impairment loss	-	-	-	-	-	-	(3,083)	-	-	-	<b>(3,083)</b>
Depreciation charge	-	(170)	(1,159)	(10,296)	(27,693)	(2,070)	(1,715)	(2,037)	(322)	-	<b>(45,462)</b>
<b>Balance as at 31 December 2022</b>	<b>28,943</b>	<b>13,134</b>	<b>63,745</b>	<b>416,369</b>	<b>435,859</b>	<b>9,597</b>	<b>4,437</b>	<b>3,115</b>	<b>2,950</b>	<b>164,287</b>	<b>1,142,436</b>

- 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.
- 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.
- The Company's property, plant and equipment includes assets generated from the Rural Electrification Schemes. The Government is yet to transfer the ownership of assets with WDV of \$35.4 million generated from Rural Electrification Schemes.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 12. INTANGIBLE ASSETS

	2022 \$'000	2021 \$'000
Software license		
Gross carrying amount:		
<b>Balance as at 1 January</b>	7,959	7,952
Additions	-	7
<b>Balance as at 31 December</b>	7,959	7,959
Accumulated amortisation:		
Balance as at 1 January	(7,511)	(7,129)
Amortisation for the year	(285)	(382)
<b>Balance as at 31 December</b>	<b>(7,796)</b>	<b>(7,511)</b>
<b>Net book amount</b>	<b>163</b>	<b>448</b>

Software license are made up of the Company's Financial Management Information System, Payroll System, Billing System and other specialized Energy Monitoring Information System.

### 13. TRADE AND OTHER PAYABLES

<b>Current</b>		
Trade creditors	21,773	11,799
Other creditors and accruals	18,222	8,894
VAT payable	485	314
Accrued interest	130	161
Customer security deposits	47,133	45,704
General extension refundable deposits	16,754	14,488
<b>Total current trade and other payables</b>	<b>104,497</b>	<b>81,360</b>
<b>Non-current</b>		
General extension refundable deposits	53,035	58,032
<b>Total non-current trade and other payables</b>	<b>53,035</b>	<b>58,032</b>

The customer security deposits relates to the mandatory 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 or 8 years.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 14. EMPLOYEE BENEFIT LIABILITY

	2022 \$'000	2021 \$'000
Annual leave	1,495	1,280
Performance pay	2,452	2,339
<b>Total employee benefit liability</b>	<b>3,947</b>	<b>3,619</b>
Balance as at 1 January	3,619	3,523
Additional employee benefit liability provided during the year, net of payments	328	96
<b>Carrying amount as at 31 December</b>	<b>3,947</b>	<b>3,619</b>
<b>Employee numbers</b>		
Number of full-time equivalent employees as at 31st December	855	877

### 15. INTEREST-BEARING BORROWINGS

<b>Current</b>		
Term loans - ANZ Bank (a)	9,450	9,450
Term loans - BSP (b)	8,550	8,550
Term loan - Suva City Council (c)	56	54
<b>Total current interest-bearing borrowings</b>	<b>18,056</b>	<b>18,054</b>
<b>Non-current</b>		
Term loans - ANZ Bank (a)	72,539	81,989
Term loans - BSP (b)	11,345	19,895
Term loan - Suva City Council (c)	4,740	4,796
Term Loans - WBC (d)	60,000	60,000
<b>Total non-current interest-bearing borrowings</b>	<b>148,624</b>	<b>166,680</b>
<b>Total interest-bearing borrowings</b>	<b>166,680</b>	<b>184,734</b>

#### 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.
- (ii) International Swaps and Derivatives Association, Inc. (ISDA) 2002 Master Agreement.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 15. INTEREST-BEARING BORROWINGS (Continued)

#### 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 new 132kV transmission network from Virara settlement to Koronubu, 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 amount of borrowing costs capitalised to the above project during the year ended 31 December 2022 was \$550,188.

#### 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	Term	Current Interest Rate	FJ\$M
Fixed Rate Facility	ANZ	5 years	3.50%	60
Variable Rate Facility	ANZ	5 years	3.50%	105
Variable Rate Facility	BSP	5 years	3.25%	95
Fixed Rate Facility	WBC	5 years	3.25%	60
<b>Total</b>				<b>320</b>

ANZ Bank New Zealand Limited is the appointed facility agent. As at year end the available but not used funds of the facility was at FJ\$116.1M.

### 16. DEFERRED INCOME

	2022	2021
	\$'000	\$'000
<b>EEC Grant In Aid</b>		
EEC Grant in Aid	12,330	12,330
Less: accumulated amortisation	(11,605)	(11,123)
<b>Closing balance - 31 December</b>	<b>725</b>	<b>1,207</b>
<b>Government Grant For Rural Electrification</b>		
Government Grant for Rural Electrification	100,322	97,079
Less: accumulated amortisation	(11,510)	(9,543)
<b>Closing balance - 31 December</b>	<b>88,812</b>	<b>87,536</b>
<b>Government Grant For Rural Electrification House Wiring</b>		
Government Grant For Rural Electrification House Wiring	350	140
Less: accumulated amortisation	(27)	(140)
<b>Closing balance - 31 December</b>	<b>323</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 16. DEFERRED INCOME (Continued)

	2022 \$'000	2021 \$'000
<b>Government Grant - Somosomo Hydro</b>		
Govt. Grant - Somosomo Hydro	14,642	14,642
Less: accumulated amortisation	(2,015)	(1,680)
<b>Closing balance - 31 December</b>	<b>12,627</b>	<b>12,962</b>
<b>Government Grant - Waiyevo Taveuni</b>		
Govt. Grant - Waiyevo Taveuni	6,296	6,296
Less: accumulated amortisation	(2,037)	(1,727)
<b>Closing balance - 31 December</b>	<b>4,259</b>	<b>4,569</b>
<b>75% Non-Refundable Capital Contribution</b>		
75% non-refundable capital contribution	8,184	6,164
Less: accumulated amortisation	(2,461)	(1,743)
<b>Closing balance - 31 December</b>	<b>5,723</b>	<b>4,421</b>
<b>KOICA Grant - Taveuni Solar</b>		
KOICA Grant - Taveuni Solar	5,510	5,510
<b>Closing balance - 31 December</b>	<b>5,510</b>	<b>5,510</b>
<b>Private Sector Utility Grant</b>		
Private Sector Utility Grant	155	-
<b>Closing balance - 31 December</b>	<b>155</b>	<b>-</b>
<b>Momi Bay Resort (FNPF) Non-Refundable Capital Contribution</b>		
Momi Bay Resort (FNPF) Non-Refundable Capital Contribution	3,895	-
<b>Closing balance - 31 December</b>	<b>3,895</b>	<b>-</b>
<b>Total deferred income (net)</b>	<b>122,029</b>	<b>116,205</b>
Deferred income		
Current	3,916	3,006
Non-current	118,113	113,199
<b>Total deferred income</b>	<b>122,029</b>	<b>116,205</b>

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	Government Grant For Grid Extension/ House Wiring	Government Grant Somosomo Hydro	Government Grant Waiyevo Taveuni	75% Non Refundable Capital Contribution	KOICA Grant Taveuni Solar	Private Sector Utility Grant	Momi Bay Resort (FNPF) Non Refundable Capital Contribution	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021	1,690	86,249	11	13,298	4,903	4,453	5,510	-	-	116,114
Additions	-	2,181	-	-	-	616	-	-	-	2,797
Amortisation Charge	(483)	(894)	(11)	(336)	(334)	(649)	-	-	-	(2,706)
Balance as at 31 December 2021	1,207	87,536	-	12,962	4,569	4,421	5,510	-	-	116,205
Additions	-	3,243	350	-	-	1,722	-	155	3,895	9,365
Amortisation charge	(482)	(1,967)	(27)	(335)	(310)	(420)	-	-	-	(3,541)
Balance as at 31 December 2022	725	88,812	323	12,627	4,259	5,723	5,510	155	3,895	122,029





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 17. CONTINGENT LIABILITIES

a. Contingent liabilities exist with respect to the following:

	2022 \$'000	2021 \$'000
Bank guarantee	35	35
Letter of credit	14,624	-
Litigation claims - others	1,384	1,418
	<b>16,043</b>	<b>1,453</b>

b. Miscellaneous claims

Other than amounts referred in note 17(a) 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.

### 18. LEASES

	2022 \$'000	2021 \$'000
<b>As a lessee</b>		
<b>a) Right-of-use assets</b>		
Opening balance as at 1 January	27,272	26,406
Additions	561	1,387
Modification	2,625	-
Depreciation charge for the year	(584)	(521)
<b>Balance at 31 December</b>	<b>29,874</b>	<b>27,272</b>
<b>(b) Lease liabilities</b>		
Current	478	154
Non-current	30,728	28,084
<b>Total lease liabilities</b>	<b>31,206</b>	<b>28,238</b>

Reconciliation of movement of liabilities to cash flows from financing activities

	Interest-bearing borrowings \$'000	Lease liability \$'000	Total \$'000
Balance as at 1 January 2022	184,734	28,237	212,971
<b>Changes from financing cash flows</b>			
Repayment of borrowings	(18,054)	(217)	(18,271)
Proceeds from borrowings	-	-	-
Additions, net	-	561	561
Modification, net	-	2,625	2,625
<b>Total changes from financing cash flows</b>	<b>(18,054)</b>	<b>2,969</b>	<b>(15,085)</b>
<b>Other changes – liability related</b>			
Interest expense	8,634	1,795	10,429
Interest paid	(9,782)	(1,795)	(11,577)
Net movement in accrued interest	1,148	-	1,148
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2022</b>	<b>166,680</b>	<b>31,206</b>	<b>197,886</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 19.COMMITMENTS

#### a. Capital expenditure commitments

Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements.

Projects approved by the Board but not contracted for at balance date

	2022	2021
	\$'000	\$'000
	48,421	49,832
	126,435	58,396

#### 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:

Less than one year

Later than one year

	1,199	1,195
	1,089	1,089
<b>Total operating lease revenue commitments</b>	<b>2,288</b>	<b>2,284</b>

#### c. Other commitments

(i) 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 four year cycle for the current tariff will end on 30 September 2023 (i.e. from 1 October 2019 to 30 September 2023) and EFL will be submitting its tariff review to the regulator FCCC as per the Electricity Tariff Methodology.

b) On 8 March 2023, the European Investment Bank (EIB) signed a letter of intent with the Energy Fiji Limited (EFL) to support two major renewable energy projects, namely the Qaliwana and Vatutokotoko hydropower plants. The projects will help to significantly increase the share of renewable energy in Fiji's generation capacity.

No other matters or circumstances 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. The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries caused the oil prices to spike. Oil prices reached an 8-year high, going above US\$100 per barrel, which was higher than EFL's budgeted fuel price of US\$71 per barrel for 2022. EFL was 82% hedged of its actual fuel usage for 2022 at the weighted average price of US\$77.90 per barrel, which gave the Company a realised hedge gain of \$27.9M in 2022 reducing the impact of high fuel price. EFL's net fuel cost was \$138.3M but if EFL was not hedged for 82% of its actual fuel usage than it would have incurred a fuel cost of \$166.2M, an additional fuel cost of \$27.9M.

b. On 10 January 2022, TC Cody headed to Fiji where it hit the Fiji group as a category 1 cyclone. The cyclone caused power disruptions and damage to the power line infrastructures as a result of strong winds and widespread flooding. The cost of the power restoration to the affected areas in Fiji was around \$0.7M.

### 22. RELATED PARTY TRANSACTIONS

a. There were no significant transactions (transaction value of over \$200,000) with related parties during the year ended 31 December 2022 :

#### b. Directors

The names of persons who were directors of the Company during the year 2022 are as follows:

Daksesh Patel (Chairman )  
 Gardiner Henry Whiteside  
 Shiri Gounder  
 Hasmukh Patel  
 Koichi Tsunematsu  
 Chitoshi Fukuda  
 So Horikiri



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 22. RELATED PARTY TRANSACTIONS (Continued)

#### b. Directors (Continued)

The directors fees paid during the year were \$7,917 (2021: \$16,875)

#### 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 personnel.

The aggregate remuneration and compensation paid to key management personnel, for the financial year ended 31 December 2022 and 2021 were:

	2022	2021
	\$'000	\$'000
Salary, performance pay and allowances	2,735	2,534
Superannuation	138	116
Other benefits	92	116
<b>Total</b>	<b>2,965</b>	<b>2,766</b>

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 2022. The equity investment in the joint venture is fully impaired.

### 23. SHARE CAPITAL

#### Issued and paid up capital (500,000 shares)

	2022	2021
Issued and paid up capital (500,000 shares)	750,000	750,000

The \$750M share capital is made up of 500,000,000 shares. Of the 500,000,000 shares, 51% (255,000,000 shares) is currently retained by Government, 44% (220,000,000 shares) held by Sevens Pacific Pte Limited and 5% (25,000,000 shares) to be issued to the Non-voting Shareholders (domestic customers of EFL). Of the 25,000,000 shares approved for the 5% non-voting shareholders, 7,442,500 shares were issued as at 31 December 2022 and the balance of 17,557,500 shares were held in trust with the Central Share Registry Pte Limited (CSRL).

Shares of the Company do not have a par value.

### 24. RESERVES

#### Hedge reserves

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.

#### Hedging reserves

	2022	2021
Hedging reserves	(3,186)	2,825

### 25. DIVIDENDS DECLARED AND PAID

#### Dividends Paid

	2022	2021
Dividends Paid	46,613	20,037

The Board declared and paid \$46.61M dividend to its shareholders based on 70% of the after tax profit for 2021.

NETWORK STATISTICS 2022

TRANSMISSION & SUB-TRANSMISSION CENTRAL										
DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Wailoa - Cunningham	62	62					1	1	100	100
Wailoa - Wainikasou			29	29			1	1	7.5	7.5
Cunningham - Kinoya 'A'					3	3	1	1	105	160
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	25.55	25.55
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	2	2	69	74
Kinoya - Vatuwaqa					4	4				
Kinoya - Nausori			12	12	2	2	1	1	30	30
Nausori - Sawani			6	6	2	2				
Hibiscus Park - Wailekutu					6	6	1	1	24	24
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				
<b>TOTAL</b>	<b>62</b>	<b>62</b>	<b>95</b>	<b>95</b>	<b>63.8</b>	<b>63.8</b>	<b>14</b>	<b>14</b>	<b>627</b>	<b>687</b>

TRANSMISSION & SUB-TRANSMISSION WESTERN											
DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA		
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	
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	112.5	172.5	
Nadarivatu SS to PS	5.2	5.2									
Vuda - Pineapple Corner A			8	8	1	1	1	1	30	30	
Vuda - Naikabula								1		36	
Vuda - Rarawai			32	32			1	1	36	36	
Vuda - Rarawai Tee-off to Pineapple Corner			2	2	1	1					
Rarawai - Vatukoula			19	19			1	1	12.5	12.5	
Vatukoula - Tavua			4	4	2	2	1	1	6.25	6.25	
Tavua - Volivoli			48.7	48.7	0.05	0.05	1	1	6.25	6.25	
Vuda - Sabeto			8	8							
Nagado - Sabeto			10	10			1	1	3.75	3.75	
Sabeto - Qeileloa (tee-off to Waqadra)			13.5	13.5							
Vuda - Voivoi			10.4	10.4	0.23	0.23	1	1	12.5	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	6.25	6.25	
Waqadra - Denarau						10.2		1		30	
Qeileloa - Sigatoka			53.5	53.5			1	1	24	24	
Qeileloa							1	1	15	15	
Maro							1	1	2	2	
Maro-Natadola						5	5	1	1	15	15
Sigatoka - Nococolevu			3.5	3.5							
Nococolevu-Korolevu			21	21			1	1	6.25	6.25	
<b>TOTAL</b>	<b>85.2</b>	<b>85.2</b>	<b>288.28</b>	<b>288.28</b>	<b>20.85</b>	<b>31.05</b>	<b>19</b>	<b>21</b>	<b>394.75</b>	<b>520.75</b>	

TRANSMISSION & SUB-TRANSMISSION NORTHERN									
DISTRICT	33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA		
	2021	2022	2021	2022	2021	2022	2021	2022	
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	
<b>TOTAL</b>	<b>68.11</b>	<b>68.11</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>17.25</b>	<b>17.25</b>	



## NETWORK STATISTICS 2022 (Continued)

DISTRIBUTION NETWORK CENTRAL												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Deuba	187.84	189.063	143.199	145.103	19.485	19.5	41.309	41.309	273	287	30958	31438
Lami	84.9419	85.3629	74.8277	75.3757	46.362	46.387	4.009	4.129	193	199	53433	54665
Suva	17.751	17.751	151.043	151.332	225.061	227.721	46.684	47.061	258	267	140147	142832
Kinoya	141.139	141.139	215.011	215.211	65.988	65.988	34.048	34.048	355	357	103800	104125
Nausori	351.267	351.85	382.238	384.599	23.295	23.295	3.649	3.649	577	591	55864	56550
Korovou	391.367	393.697	325.857	328.438	2.978	2.978	0.254	0.254	425	429	8241	8294
Wailoa	18.223	37.107	7.494	18.392	0	0	0	0	23	52	352	987
<b>TOTAL</b>	<b>1192.529</b>	<b>1215.970</b>	<b>1287.985</b>	<b>1318.451</b>	<b>382.018</b>	<b>385.869</b>	<b>129.93</b>	<b>130.45</b>	<b>2065</b>	<b>2182</b>	<b>385051</b>	<b>398891</b>
Increase	23.441		30.466		3.851		0.52		117		13840	
% Increase	2%		2%		1.0%		0.40%		6%		4%	

DISTRIBUTION NETWORK OVALAU												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
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					
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Labasa	468.280	469.253	861.168	862.507	12.18	12.18	4	4	505	512	26275	27326
Seaqaqa	63	72.979	80.717	91.572	0.412	0.412	0.025	0.025	79	102	1074	1211
Dreketi	58.924	58.924	43.636	43.636	0.155	0.155	0.025	0.025	40	40	1216	1216
Savusavu	149.541	161.985	109.062	118.668	7.416	7.416	1.474	1.474	154	167	10356	10674
<b>TOTAL</b>	<b>739.745</b>	<b>763.141</b>	<b>1094.583</b>	<b>1116.383</b>	<b>20.163</b>	<b>20.163</b>	<b>5.524</b>	<b>5.524</b>	<b>778</b>	<b>821</b>	<b>38921</b>	<b>40427</b>
Increase	23.396		21.8		0		0		43		1506	
% Increase	3%		2%		0%		0%		6%		4%	

DISTRIBUTION NETWORK - TAVEUNI												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Taveuni	24.067	25.607	31.294	33.359	0.1	0.1	0	0	35	37	2205	2285
Increase	1.54		2.065		0		0		2		80	
% Increase	6%		7%		0%		0%		6%		4%	

DISTRIBUTION NETWORK - WESTERN												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATION		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Sigatoka	442.66	467.408	580.751	598.378	6.668	6.668	10.821	10.821	548	571	37424	37787
Nadi - Tavua	1536.864	1560.285	2023.491	2037.007	217.821	218.887	98.537	100.556	2366	2411	244237	252828
Rakiraki	392.088	396.823	320.804	326.653	7.24	7.24	1.0	1.0	316	321	11275	11355
<b>TOTAL</b>	<b>2371.612</b>	<b>2424.516</b>	<b>2925.046</b>	<b>2962.038</b>	<b>231.729</b>	<b>232.795</b>	<b>110.358</b>	<b>112.377</b>	<b>3230</b>	<b>3303</b>	<b>292936</b>	<b>301970</b>
Increase	52.904		36.992		1.066		2.019		73		9034	
% Increase	2.2%		1.3%		0.5%		1.8%		2.3%		3.1%	

## GENERATION STATISTICS FOR THE PAST TEN (10) YEARS

Years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Units Generated Wailoa Hydro Mwh	420,195	314,341	320,875	384,451	381,527	433,970	454,262	451,608	440,981	461,654
Units Generated Wainiqueu Hydro Mwh	2,056	983	834	718	448	129	877	397	45	59
Units Generated Wainikasou Hydro Mwh	5,935	15,027	19,895	21,258	20,912	21,712	18,230	23,024	19,252	18,982
Units Generated Nagado Hydro Mwh	611	3,080	11,357	3,296	-	-	-	-	-	-
Units Generated Nadarivatu Hydro Mwh	98,600	67,537	52,988	85,765	86,075	108,739	83,497	80,628	85,043	114,330
Units Generated Somosomo Hydro Mwh					2,227	2,159	2,526	2,516	2,541	3,071
<b>Total Generated Hydro MWh</b>	<b>527,397</b>	<b>400,968</b>	<b>405,949</b>	<b>495,488</b>	<b>491,189</b>	<b>566,709</b>	<b>559,392</b>	<b>558,173</b>	<b>547,862</b>	<b>598,096</b>
Units Generated in VLIS Diesels MWh	94,425	230,957	227,042	83,283	116,470	69,136	54,552	11,546	2,953	21,266
Units Generated Diesel Others MWh	46,971	49,605	47,258	49,615	50,609	54,866	51,812	50,047	50,115	52,576
Units Generated HFO Kinoya & Vuda	183,359	173,477	206,122	291,609	323,879	299,739	343,258	288,377	274,742	335,958
<b>Total Generated Thermal MWh</b>	<b>324,755</b>	<b>454,039</b>	<b>480,422</b>	<b>424,507</b>	<b>490,958</b>	<b>423,741</b>	<b>449,622</b>	<b>349,970</b>	<b>327,810</b>	<b>409,801</b>
Unit Generated from Butoni Wind Farm	5,348	4,269	5,674	3,632	2,083	2,558	3,419	1,136	293	93
<b>Total Generated Wind &amp; Solar MWh</b>	<b>5,348</b>	<b>4,269</b>	<b>5,674</b>	<b>3,632</b>	<b>2,083</b>	<b>2,558</b>	<b>3,419</b>	<b>1,136</b>	<b>293</b>	<b>93</b>
<b>Total EFL Generation (MWh)</b>	<b>857,500</b>	<b>859,276</b>	<b>892,045</b>	<b>923,628</b>	<b>984,230</b>	<b>993,009</b>	<b>1,012,433</b>	<b>909,278</b>	<b>875,965</b>	<b>1,007,991</b>
<b>Generation - Independent Power Producers</b>	<b>14,719</b>	<b>32,513</b>	<b>22,350</b>	<b>10,580</b>	<b>23,483</b>	<b>39,939</b>	<b>48,816</b>	<b>67,094</b>	<b>61,053</b>	<b>73,471</b>
<b>Total Generation</b>	<b>872,219</b>	<b>891,789</b>	<b>914,395</b>	<b>934,208</b>	<b>1,007,713</b>	<b>1,032,947</b>	<b>1,061,249</b>	<b>976,372</b>	<b>937,018</b>	<b>1,081,461</b>
Made up of										
Total VLIS Generation (MWh)	808,473	808,687	843,953	873,294	930,945	935,855	957,218	856,318	823,264	952,284
Total Other Generation (MWh)	49,027	50,589	48,091	50,334	53,285	57,154	55,215	52,960	52,701	55,707
Station Auxilliary usage MWh	9,196	10,130	8,106	11,281	11,873	12,139	12,574	12,575	11,498	12,330
Auxilliaris as % of Generation	1.07%	1.18%	0.91%	1.22%	1.21%	1.22%	1.24%	1.38%	1.31%	1.22%
% contribution from Hydro	61.50%	46.66%	45.51%	53.65%	49.91%	57.07%	55.25%	61.39%	62.54%	59.34%
% contribution from Thermal	37.87%	52.84%	53.86%	45.96%	49.88%	42.67%	44.41%	38.49%	37.42%	40.66%
% contribution from Wind & Solar	0.62%	0.50%	0.64%	0.39%	0.21%	0.26%	0.34%	0.12%	0.03%	0.01%
% increase / (decrease) in Hydro Generation	0.41%	-23.97%	1.24%	22.1%	-0.9%	15.4%	-1.3%	-0.2%	-1.8%	9.2%
% increase / (decrease) in Thermal VLIS Generation	24.51%	45.59%	7.10%	-13.5%	17.5%	-16.2%	7.8%	-24.6%	-7.4%	28.6%
% increase / (decrease) in Total Thermal Generation	19.71%	39.81%	5.81%	-12%	16%	-14%	6%	-22%	-6%	25%
% increase / (decrease) in Total Generation	6.74%	0.21%	3.81%	4%	7%	1%	2%	-10%	-4%	15%
<b>Maximum Dam Level (AMSL)</b>	<b>743</b>	<b>736</b>	<b>742</b>	<b>747</b>	<b>746</b>	<b>746</b>	<b>746</b>	<b>746</b>	<b>745</b>	<b>746</b>
<b>Minimum Dam level (AMSL)</b>	<b>730</b>	<b>724</b>	<b>734</b>	<b>739</b>	<b>734</b>	<b>734</b>	<b>730</b>	<b>730</b>	<b>730</b>	<b>730</b>





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