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SOUTH PACIFIC'S BIGGEST SOLAR PLANT TO HELP TONGA MEET RENEWABLE ENERGY TARGET

NUKU'ALOFA, TONGA (21 March 2019) — The largest solar plant in the south Pacific will be built in Tonga through the country's second commercially financed public-private partnership (PPP) after an agreement was signed in Nuku'alofa today.

Tonga Power Limited (TPL) signed the power purchase agreement with Sunergise New Zealand Limited (Sunergise), which will finance, build, and operate the 6-megawatt solar farm on Tongatapu and sell the electricity generated to TPL for 25 years. Spread over three sites, the solar plant will be the second biggest in the Pacific and the second that TPL has established with an independent power producer.

"This solar plant will form an integral part of TPL's Renewable Energy Program—10-gigawatt hours, to be exact, which is equivalent to 15% of the whole of Tonga's anticipated electricity demand by 2020. It will contribute to lowering the cost of power and to Tonga producing at least 50% of its power from renewable sources by 2020," said the Minister of Public Enterprises Mr. Saia Ma'u Piukala. "Sunergise was selected through a highly competitive tender process, which was undertaken with transaction advisory support from ADB's Pacific Private Sector Development Initiative (PSDI)."

PSDI, a technical assistance program undertaken in partnership with the governments of Australia and New Zealand, and ADB, works with ADB's 14 Pacific developing member countries to improve the enabling environment for business and support inclusive, private sector-led economic growth.

The new solar farm is expected to begin operations by April 2020. To achieve its goal of 50% renewable energy by 2020 and 70% by 2030, Tonga is also developing wind and biomass generation sources, and will integrate these with multiple units of battery energy storage. ADB is supporting this transition to a cleaner and more sustainable energy mix through a \$12.2 million grant to the Tonga Renewable Energy Project. It is also administering grants to the project worth \$29.9 million from the Green Climate Fund and \$2.5 million from the Government of Australia.

"This transaction demonstrates the appropriateness of renewable energy PPPs in the Pacific, and the value for money that can be achieved by running a fully transparent and competitive tender process," said the Regional Director of ADB's South Pacific Subregional Office Mr. Masayuki Tachiiri. "It has resulted in a very competitive feed-in tariff for TPL, and establishes a benchmark for future power generation PPP transactions across the region."

The power purchase agreement was signed by TPL CEO Mr. Setitaia Chen and Sunergise New Zealand Limited CEO Mr. Paul Makumbe. The Ministry of Public Enterprises CEO Mr. Sione 'Akau'ola, TPL Board Director Mr. Sione Taione, Deputy High Commissioner of New Zealand Ms. Elena Procuta, Australian High Commission Second Secretary Ms. Chantelle Boland, ADB Senior

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Energy Specialist Mr. Woo Yul Lee, and ADB Country Coordinator for Tonga Mr. Tatafu Moeaki also attended the event.

PSDI is providing transaction advisory support to the Government of Tonga on another PPP for port stevedoring services, which is expected to be completed by the end of the year.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. In 2018, it made commitments of new loans and grants amounting to \$21.6 billion. Established in 1966, it is owned by 68 members—49 from the region.