

Electricity

September 2015

Release date: 29 December 2015

	Sep 15	Aug 15	Jul 15	Sep 14
Consumption	4.1	3.8	4.3	3.9
Production	4.3	4.4	4.6	4.2
Price [^]	81.36	83.11	83.11	91.73

*Kilo Watt in millions (month-ended)

[^]Seniti per Kilo Watt hour

Electricity usage on the rise

Electricity consumption increased by 7.0% whilst production dropped by 3.9% over the month. The rise in consumption could possibly be driven by the 2.1% fall in electricity prices whilst the drop in production could be a result of improved efficiency. The decline in electricity tariff is driven by the drop in domestic fuel prices specifically diesel (*refer to Figure 3*). The recent decline in global oil prices is the catalyst for the fall in all energy prices. Additionally, the slight increase in the number of electricity consumers possibly contributed to higher consumption. Annual electricity consumption and production both rose by 2.0% and 3.5% respectively. The number of electricity consumers also increased by 4.3% over the year (*refer to Table 1*). Main drivers include the decline in global oil prices, the Tonga Village Network Upgrade Project (TVNUP), and the Ha'apai Reconstruction Project.

Electricity prices play a significant role in determining domestic inflation and thus the headline inflation rate. It is included in the CPI basket as "Domestic Fuel & Power" under the Household Operation component. Recently this component has been negative due to declining global oil prices affecting production costs (domestic fuel prices). As a result, NRBT expects electricity consumption and production to increase in the near term. Other factors which are predicted to also cause consumption and production to rise include the on-going projects conducted by Tonga Power Ltd, large construction projects such as the St. George Palace, and the upcoming festive season.

Table 1.

	Electricity				1 month change	1 year change
	As at month (Seniti per Kilowatt hour)					
	Sep-15	Aug-15	Jul-15	Sep-14	%	%
Electricity	81.36	83.11	83.11	91.73	-2.1	-9.9
Electricity Consumers	21,446	21,370	21,283	20,326	0.4	4.3

*NRBT estimate

Source: Tonga Power Limited

Figure 1

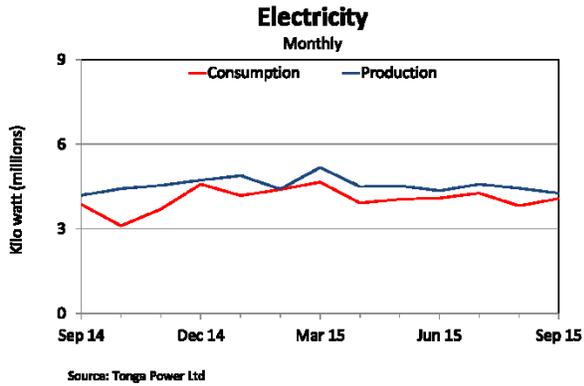


Figure 2.

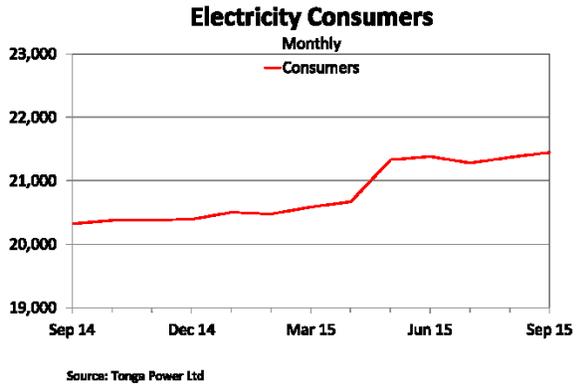


Figure 3.

