

Electricity Prices

January 2015

Release date: 13 February 2015

<i>Seniti</i>	Jan 15	Dec 14	Nov 14	Oct 14
Electricity*	87.79	88.69	91.73	91.73

*Electricity prices are per Kilowatt hour

Electricity price lowers further

Electricity price fell by 1.0% to 87.79 seniti per kilowatt hour, effective 1st January 2015. This is a further decline from last month's price review, reaching the lowest it has been since March 2013. The fall was mainly driven by the decline in the domestic prices of diesel due to a drop of the price of imported oil from Singapore.

Electricity prices fell by 5.4% over the year to January 2015 in line with falling world oil prices. The NRBT expects the fall in prices to ease January inflation by around 0.9 percentage points over the year.

Given the continued and expected decline of world oil prices, local diesel prices may continue to fall which indicates a possible decline of electricity prices in the future. Government's upcoming grant of the electricity tariff lifeline as well as Vaini's solar farm to be commissioned in April this year may also contribute to lower electricity prices, particularly for low-income households. Savings through existing solar and wind turbine facilities further support these expectations.

	Electricity Prices				1 month change %	1 year change %
	As at month (Seniti per Kilowatt hour)					
	Jan-15	Dec-14	Nov-14	Jan-14		
Electricity	87.79	88.69	91.73	92.82	-1.0	-5.4
Contribution to inflation (ppts) *	N/A	N/A	N/A	N/A	-0.2	-0.9

*NRBT estimate

Sources: Tonga Power Limited

