TONGA POWER LIMITED

P.O BOX 429, NUKU'ALOFA, Tel: (676) 21-400 Fax: (676) 23-047 Email: afernando@tongapower.to

15 April 2013

Lord Dalgety
Electricity Commission
Tu'atakilangi
Nuku'alofa

Dear Lord Dalgety

Compliance Reporting for the Month of April 2013

In accordance with the reporting requirements of the Electricity Concession Contract and in response to your request for additional information as specified in the suggested MOU dated May 2012, TPL submits the following reports for the month of April 2013.

1. System Loss Report – March 2013
2. Reliability Measures – March 2013
3. Monthly Outage Events – March 2013
4. Quarterly Capex Update – January 2013 – March 2013
5. Quarterly RAV Update - January 2013 – March 2013
6. Six Monthly Service & Metering Reporting Standards – October 2013 – March 2013
7. Tariff Review Proposal

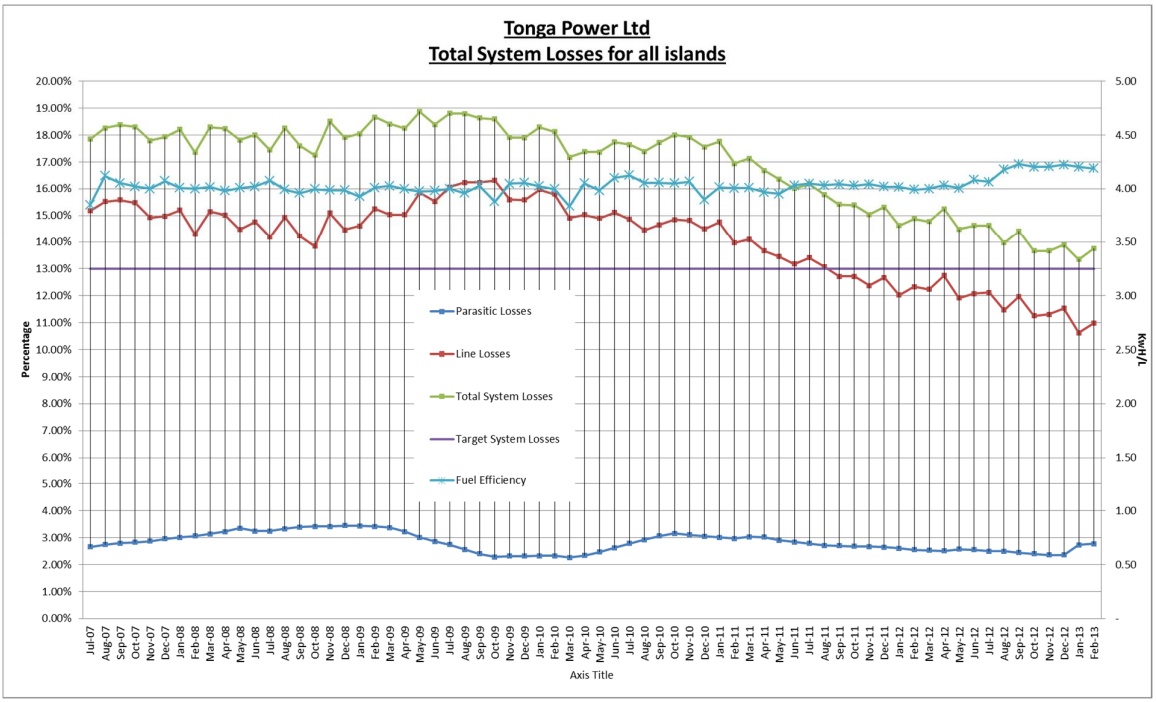
The above report items are described in detail below.

1. System Loss Report

The following graph illustrates that the past 12 months moving average (smoothed) of systems losses for all four islands for the period July 2007 – February 2013. The graph indicates that the total losses for all four islands have slightly increased from 13.35% (January, 2013) to 13.76% (February, 2013). However, on a real time basis (disregarding 12 months moving average), total systems losses have increased from 13.91% (January, 2013) to 15.42% (February, 2013). Whilst Vava'u, Ha'apai and 'Eua moving average losses have not changed much, Tongatapu moving average losses have slightly increased from 13.10% in January 2013 to 13.56% in February 2013.

Fuel efficiency for all four islands has slightly decreased from 4.20 Kwh/L in January, 2012 to 4.19 Kwh/L in February, 2013.

Please refer to the attached excel file System Loss Report March 2013 for further details.



2. Reliability Measures

SAIDI minutes (measuring average total duration of interruption per connected customer) for the month of February, 2013 have decreased from 282.85 (February 2013) to 134.90 (March 2013) minutes (see the table below).

Reliability Measures

SAIDI Monthly Performance

Month	2010/11	2011/12	2012/13
Jul	7.74	4.74	638.62
Aug	935.29	4.51	57.31
Sep	933.55	59.19	5.66
Oct	9.35	253.89	16.05
Nov	4.35	25.49	150.73
Dec	20.42	115.19	74.28
Jan	984.8	622.62	177.39
Feb	162.32	3010.76	282.85
Mar	296.37	23.32	134.9
Apr	157.89	336.9	
May	8.22	294.55	
Jun	62.22	14.72	

CAIDI Monthly Performance

Month	2010/11	2011/12	2012/13
Jul	60.7	143.09	90.44
Aug	443.33	161.45	148.47
Sep	477.69	649.6	92.61
Oct	64.33	243.63	11.23
Nov	123.68	69.34	62.32
Dec	19.48	358.97	33.78
Jan	889.45	280.26	114.76
Feb	131.96	412.1	363.77
Mar	219.53	55.81	62.17
Apr	63.18	219.97	
May	222.5	98.59	
Jun	387.96	66.45	

SAIFI Monthly Performance

Month	2010/11	2011/12	2012/13
Jul	0.13	0.03	7.06
Aug	2.11	0.03	0.39
Sep	1.95	0.09	0.06
Oct	0.15	1.04	1.43
Nov	0.04	0.37	2.42
Dec	1.05	0.32	2.2
Jan	1.11	2.22	1.55
Feb	1.23	7.31	0.78
Mar	1.35	0.42	2.17
Apr	2.5	1.53	
May	0.04	2.99	
Jun	0.16	0.22	

The major HV faults contributed to the SAIDI losses are described below:

Report Date	Fault Description	Repair Comment	No of Customers Off
24/03/2013	Power off to whole Tongatapu	whole of Tongatapu power off due to power station generation problem.	15300
07/03/2013	PLAN TO SHUT DOWN		5021
08/03/2013	Feeder 1 shut down		5021
04/03/2013	power off		1599
19/03/2013	HV line one phase nearly touch street light bracket	1214 fahefa to kala'au is on [Red phase of H.V. line loose from pin insulator and drop down nearlytouch the street light bracket, emercency shut down to bind it up again to H.V. insulator. The area shut down from Maui to Ha'atafu then from Fo'ui to Fahefa.	1599
21/03/2013	Power off to partly of Hahake & Halaliku	DDO blown fuse HV and it causes one partly off from Malapo to Niutoua and Malapo to Haveluliku. [Red phase] material 1 x 80A HV link.	1000

CAIDI minutes (measuring average total duration of interruption per interrupted customer) for the month of March 2013 have also decreased from 363.77 minutes (February, 2013) to 62.17 (March, 2013) minutes (see the table above).

SAIFI (measuring average number of interruptions per customer); however, has increased from 0.78 (February, 2012) to 2.17 (March, 2013). Refer to the table above.

3. Monthly Outage Events

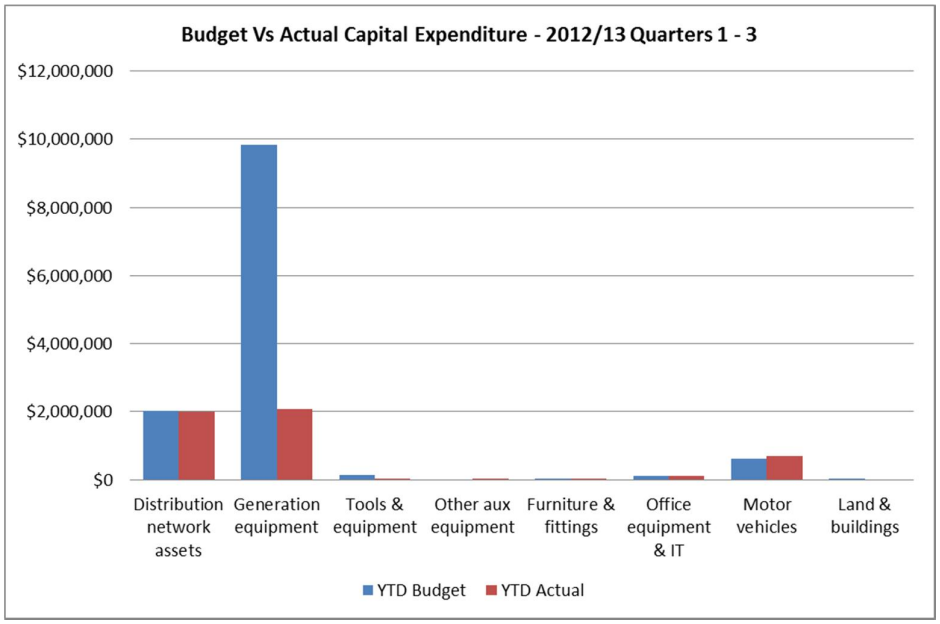
Planned/Unplanned Outage Events	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Generator problem	0	2	0	2	2	2	3	1	3
HV Lines	8	12	15	11	11	12	9	42	5
HV Transformer	10	9	12	6	2	4	6	16	7
HV Pole	2	0	1	0	4	2	1	1	2
LV Lines	37	22	28	34	34	12	61	69	68
Service lines	238	238	340	255	291	301	235	354	569
Customer premises	173	190	209	192	244	201	234	221	360
Street Lights	27	26	15	15	221	217	224	155	36
Meter	3	8	7	6	1	5	3	6	9
Total	498	507	627	521	810	756	776	865	1059

There were total of 1059 unplanned fault events for the month of March, 2013 affecting 33,174 customers. As per the table above, the number of fault events has increased to 1059 events in March, 2013 from 865 events in February, 2013. The faults were mostly constitutes of customer (360 faults) and service lines (569 faults). In March, 2013, service line faults have increased significantly due to bad weather. Most of the customer services faults include fuses at the service line tap off point for a premise. Street lights faults have significantly decreased.

4. Quarterly Capex Update

The table and the graph below show the capital expenditure for the first, second and the third quarters of the year 2012/13. The summary for generation equipment shows that payments are now being made for the new generator (2.88MW MAK Generator No. 8), delivery of the generator is still scheduled for November 2013.

Description	2012-2013 (Current Year)																
	7 Year Budget (A)	Annual Budget (B)	Budget Variance (%) (A) vs. (B)	Q1 Budget	Q1 Actual	Q1 Variance	Q2 Budget	Q2 Actual	Q2 Variance	Q3 Budget	Q3 Actual	Q3 Variance	Q4 Budget	Q4 Actual	Q4 Variance	YTD Budget	YTD Actual
Distribution network assets	$2,933,190	$3,366,158	14.76%	$511,957	$505,270	$6,687	$785,492	$735,195	$50,298	$740,199	$746,748	-$6,549				$2,030,961	$1,987,212
Generation equipment	$10,652,921	$9,953,179	-6.57%	$5,698,098	$0	$5,698,098	$1,645,599	$0	$1,645,599	$2,488,295	$2,074,258	$414,037				$9,831,992	$2,074,258
Tools & equipment	$4,000	$142,000	3450.00%	$100,071	$646	$99,425	$13,976	$5,069	$8,907	$35,500	$30,290	$5,210				$149,547	$36,005
Other aux equipment	$55,859	$0	0.00%	$0	$2,094	-$2,094	$0	$189	-$189	$0	$0	$0				$0	$2,282
Furniture & fittings	$4,000	$35,590	789.75%	$5,260	$5,921	-$661	$10,110	$21,238	-$11,128	$8,898	$5,122	$3,776				$24,268	$32,281
Office equipment & IT	$54,000	$176,286	226.46%	$11,000	$51,912	-$40,912	$55,095	$18,657	$36,438	$44,071	$38,888	$5,183				$110,167	$109,457
Motor vehicles	$92,857	$732,464	688.81%	$372,714	$375,045	-$2,331	$119,917	$212,629	-$92,712	$130,000	$106,240	$23,760				$622,631	$693,914
Land & buildings	$0	$11,700	0.00%	$2,925	$0	$2,925	$2,925	$0	$2,925	$2,925	$0	$2,925				$8,775	$0
Total CAPEX	**$13,796,827**	**$14,417,377**	**4.50%**	**$6,702,025**	**$940,888**	**$5,761,137**	**$2,633,115**	**$992,976**	**$1,640,139**	**$3,449,888**	**$3,001,546**	**$448,342**	**$0**	**$0**	**$0**	**$12,778,340**	**$4,935,410**



As per distribution capex, the graph shows that the distribution department spent most the first three quarters budget as planned ($2,030,961 budget vs. $1,987,212 actual) on replacing ageing/missing LV/HV poles, replacing new transformer structures and meter replacements capex items. This is the minimum capital spend that the network can bear, it covers essential replacements.

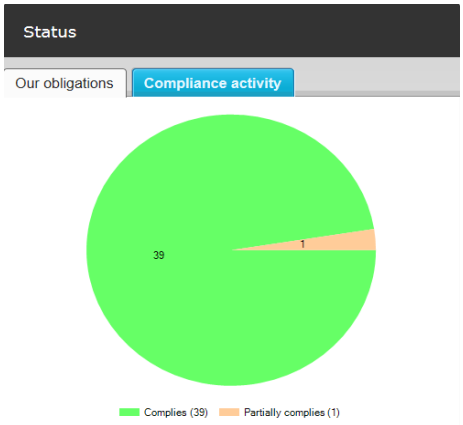
Refer to the excel files 'Capex Summary for the Regulatory Period 2008-2015' and 'Capex Reconciliation Jul. 12 – Mar. 2013' for further information on first quarter capital expenditure.

5. Quarterly RAV Update

Decription	2008-09	2009-10	2010-11	2011-12	2012-13 Q1	2012-13 Q2	2012-13 Q3	2012-13 Q4
Opening Net Book Value	30,123,378	29,512,275	32,667,062	36,964,833	38,203,683	38,455,675	39,625,382	
Generation Capital Expenditure	-	2,350,792	1,912,142	52,767	-	-	2,074,258	
Distribution Capital Expenditure	385,605	1,952,145	3,638,383	3,483,179	505,270	1,240,465	746,748	
Office Computers & Equipment	33,279	87,064	463,620	106,854	51,912	70,569	38,888	
Furniture & Fixtures	4,007	13,221	20,532	18,850	5,921	27,159	5,122	
Tools & Equipment	55,206	114,239	133,812	61,455	646	5,715	30,290	
Vehicles	213,121	638,415	503,709	159,492	375,045	587,674	106,240	
Other Auxiliary Equipment	1,348	31,467	93,001	-	-	2,282	-	
Building	128,863	80,944	463,462	28,359	-	-	-	
Disposals and Retirements	-	(329,007)	(614,553)	-	-	-	-	
Depreciation on Opening RAV	(1,369,244)	(1,369,244)	(1,369,244)	(1,369,244)	(342,311)	(342,311)	(342,311)	
Depreciation New Assets	(63,289)	(415,248)	(947,092)	(1,302,862)	(344,491)	(421,846)	(546,833)	
Closing Estimated RAV	29,512,275	32,667,062	36,964,833	38,203,683	38,455,675	39,625,382	41,737,784	

With the addition of new capital expenditure for the second quarter, the new RAV is recorded as $41,737,784 as at 31 March 2013.

6. Service & Metering Reporting Standards



TPL comply with all service and metering standards and meet all the performance targets specified in the Schedule 1 of the Concession Contract except for one overall standard (B2. Electricity quality & reliability) to which it partially complies. In accordance with this standard, TPL is as yet unable to fully test the voltage at the end of the feeders in the outer islands, due to the cost of the required permanent loggers and to lack of resources. The Tongatapu voltage is being logged at the power station and samples were taken at the ends of the feeders to provide a correlation until permanent facilities can be fitted. The voltage is also logged at the power station in the outer islands but samples cannot currently be taken at the end of the feeders. A World Bank project is commencing, the aim is for this additional equipment to be installed at the ends of the feeders on all islands so as to help satisfy the testing for this service standard completely. The cost of this is estimated at around T$200,000.

As a result of fully complying with service and metering reporting standards, TPL has not paid any penalties to the public for last six months period.

The above standards are now managed through TPL's Quantate Software and an extract of this comprehensive compliance report from Quantate is attached with this report for reference.

7. Tariff Review Proposal

The tariff proposal has been submitted to the Electricity Commission separately by the CEO on the 20 March 2013. The proposal to increase tariff by 8.78 Seniti/Kwh (i.e. from 85.27 Seniti/Kwh to 94.05 Seniti/Kwh) has been approved.

Should you have any queries with the information provided, please do not hesitate to contact me.

Yours Faithfully,
Ajith Fernando
Risk & Compliance Manager
Tonga Power Limited

Attachments:

- System Loss Report March 2013
- Reliability Measures March 2013
- Faults Events March 2013
- Capex Summary for the Regulatory Period 2008 – 2015
- Capex Reconciliation July 2012-March 2013
- Six Monthly Metering & Service Standards Compliance Report October 2012-March 2013