



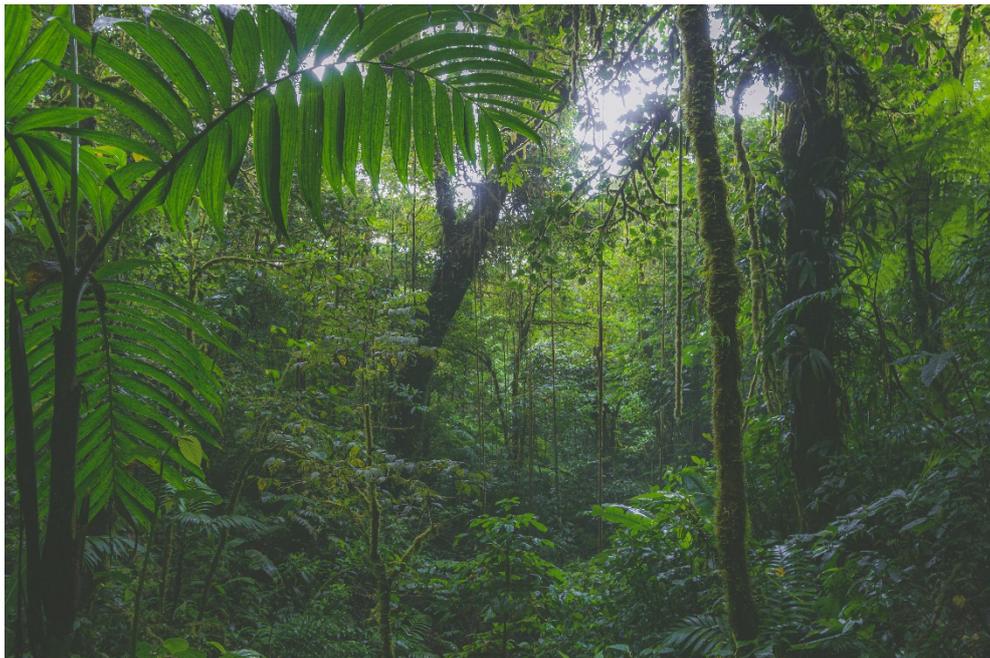
- Plugging In PNG
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**“The actions, partnerships and alliances we commit to today will define the course of our development and achievements for the next few decades.”**

**~ Dame Meg Taylor  
Secretary General of the Pacific Islands Forum**

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## **PLUGGING IN PNG**

At the 2018 Asia-Pacific Economic Cooperation (APEC) Leaders Summit in Port Moresby, US, Japanese, Australian and New Zealand leaders pledged to help Papua New Guinea (PNG) meet its target of connecting 70% of the country to electricity by 2030. The Papua New Guinea Electrification Partnership ticked all the boxes: infrastructure, alliances and meaningful development outcomes. And although not spoken of, it also provided a way to counter China’s growing presence and power in the region.

PNG is one of the world’s least-electrified countries. Just 13% of the country’s eight million citizens have the power on, and most of them are in urban areas.

Lifting electricity supply is a key goal of the country's Development Strategic Plan. Launched in 2010, the policy projected that the goal of 70% of the population connected to electricity by 2030 would lift gross national income by 12% and gross domestic product (GDP) by 10%.

But progress has been extremely slow due to a lack of funding, a complicated government and regulatory regime, and the difficulty of delivering services in a rugged country, where 80% of people live in rural areas. Access to electricity is estimated to have grown by only 3.4% in total since 2010 goal.

Prime Minister Scott Morrison said that the PNG Electrification Partnership is intended to focus on sustainable infrastructure development that is transparent, non-discriminatory, environmentally responsible, promotes fair competition, meets the genuine needs of the people of PNG and avoids unsustainable debt burdens. The agreement was heralded as a "true partnership" between PNG and its partners.

Meanwhile, the PNG's government is also considering the big-scale Ramu 2 hydroelectric scheme in the Eastern Highlands, much of the output of which would be used by large mining developments in Morobe and Madang provinces. This project would be led by a consortium headed by the Shenzhen Energy Group from China, to be delivered under a Public-Private Partnership over 25 years in a deal reported to be worth up to US\$2 billion.

Fully 65% of the population living in rural villages, sometimes of just a few hundred people, will need access to power if the 2030 goal is to be met, and around 100,000 PNG households will need to be connected to electricity each year for a decade. But another challenge is that most of PNG's population lives outside the formal economy. Already an estimated one third of PNG's power supply is lost through meters being bypassed and illegal connections.

Australia announced in August 2020 that it would fund a new solar power plant in the Markham Valley in Morobe province. The 11 megawatt facility – which would be built alongside an already-proposed biomass generation plant – would plug into the Ramu grid, which supplies power to the industrial city of Lae. Japan continues its long-running investment to upgrade the Ramu grid.

The US has committed US\$60 million over five years to make 200,000 household connections. New Zealand's existing relationship with PNG Power is the focus of its NZ\$60 million investment.

But beyond the big towns and cities, small scale and household renewables must become a central focus for the Electrification Partnership and Australia has launched Pararim Komuniti Pawarim, a fund that will support small scale and microgrid projects beyond the network reach of the national electricity provider, PNG Power.

Solar technology is already popular in rural areas, although technology and suppliers are of variable quality. But for about US\$500, a villager's house could be equipped with enough solar technology and battery storage to provide lights at night, power to charge a mobile phone, and run a small motorised device. It wouldn't be enough to cook or to pump water, but steady lighting and charge would make a big difference in the lives of people who rely on kerosene for lighting. And it could be a base for households to expand and install additional capacity of their own.

Assuming that 100,000 houses need a connection each year, if the focus was on household solar and the cost shared between the partnership donors, the USA, Japan, Australia and New Zealand would each be looking at around US\$12.5 million to provide the equipment for 25,000 households. So for a comparatively small investment the donors could make a significant difference to the lives of many Papua New Guineans living in rural areas.

*Sources: Plugging in PNG by Shane McLeod, published 10 Apr 2019, The Interpreter, The Lowy Institute / PNG Electrification: Spend on solar to help meet targets by Shane McLeod, published 6 Oct 2020, The Interpreter, The Lowy Institute*

## THE COAL AGENDA

As Papua New Guinea (PNG) strives to have 80% of its population connected to electricity by 2030 Mayur Resources, an energy company listed with the Australian Stock Exchange (ASX), proposes building the Pacific's first coal-fired power station in the country. A new report, *The Coal Agenda: Mayur Resources and the Push to Start a Coal Industry in PNG*, from CELCOR (Centre for Environmental Law and Community Rights Inc) and the Jubilee Australia Research Centre has raised significant concerns about this.

Brisbane-based Mayur Resources, plans to build a 52MW coal-fired power station sited at Lae wharf in PNG's second largest city.

*The Coal Agenda* report argues that the project is unnecessary, that it would have serious health and environmental impacts and the electricity it generates would largely benefit mining companies, not communities. The report also highlights how the plant in PNG would undermine future renewable initiatives as well as lock in higher energy prices.

While Mayur Resources has claimed that coal power will benefit PNG, the CELCOR and Jubilee Report alleges that

- Mayur Resources's claim that the extra electricity produced by the plant would benefit the people of PNG who are missing out on electrification is largely unfounded, and that the principal beneficiaries would be Canadian, Australian and South African mining companies.
- There has been a distinct lack of community consultation, especially with the nearby community of Labu Butu, which is just 500 metres from the proposed site.
- The health impacts of putting a large coal-fired power plant so close to a major population centre such as Lae would be substantial.
- Mayur Resources's claim that it can produce electricity at a significantly lower tariff than hydro and biomass is highly questionable, which raises real questions about the economic viability of the project and locking PNG into high power prices.
- Starting a coal industry to help meet PNG's energy needs is completely unnecessary. PNG already sources much of its energy from hydro, and is developing more hydropower plants. It is also developing its first biomass and solar plants. All of these are better options for improving supply to the grid than coal.
- The regulatory approval process has been riddled with irregularities, raising deep concerns about the integrity of the governance processes.
- A coal-fired power plant in Papua New Guinea would undermine PNG's national climate plan under the Paris Agreement, committing to transition to 100% renewable energy by 2030.

Luke Fletcher, Executive Director of the Jubilee Australia Research Centre said:

“It has been eight years since Australia built a new coal-fired power station in our own country, because coal is now both more expensive and causes worse health and environmental consequences than renewables. If we are no longer building coal plants here, why would we start building them in PNG?”

Mr Peter Bosip, the Executive Director of CELCOR, said the project “isn't in the national interest of Papua New Guinea and could lock the people into more expensive and dirty power for 25 years.”

*Source: The Coal Agenda by Luke Fletcher and Samantha Kuman, September 2020, published by CELCOR and Jubilee Australia Research Centre.*

## PARADISE LOST

The Solomon Islands look like a tropical paradise with palm-fringed white sand beaches and pristine, biodiverse rainforests. But the paradise isn't so idyllic.

A 2018 investigation by non-governmental organisation Global Witness shows that tropical timber in the Solomon Islands is being harvested at 20 times the sustainable rate, and the commercially viable natural forest will be exhausted by 2036, according to the Solomon Islands' Ministry of Finance.

If this carries on unchecked, it will have a disastrous and irreparable impact on the country's environment, and the global climate, already pushed to danger point, will suffer the added burden of losing more of the world's carbon sinks.

The Solomon Islands is one of the poorest nations in the Pacific. The economy is heavily dependent on the forestry sector, and yet the country's forests continue to disappear fast. The Solomon Islands' authorities are well aware that, without change, the country timber trade will soon slow to a trickle with nothing left to log and barely any timber to trade. The first step to prevent this from happening is to make sure that logging companies in the Solomon Islands comply with the country's laws.

Despite constant warnings from landowners, parliamentarian, UN officials and academics, a lack of enforcement and a pervasive web of corruption continue to plough through the Solomon Islands. The Forestry Department has difficulty enforcing the law, especially in the more remote parts of the country where some of the largest remaining forests are.

And the foreign logging companies – primarily Chinese and Malaysian owned – in the Solomon Islands do little to benefit local communities. Rivers are being polluted, traditional ways of life are being destroyed, and successive governments have been accused of being influenced by logging companies, which have financially supported them in their election campaigns. In addition, 77% of the Solomon Islands' greenhouse gas emissions come from forestry and land-use changes.

### **If this situation is going to change, the Solomon Islands need China to act**

Most of the Solomon Islands' timber is exported to mainland China, and this small group of islands are the country's second biggest source of tropical logs, after Papua New Guinea. The two countries supply half of China's tropical log imports.

China is taking serious steps to address environmental degradation and to reduce pollution and carbon emissions at home. and in 2017 China extended a ban on commercial logging in natural forests so that it covered the whole of the country. But Chinese law does not yet require commodities sourced from abroad to be legal and sustainable.

So, Global Witness calls on China to require its timber importers to carry out checks to ensure that the timber they buy is legal in its country of origin.

*Source: Paradise Lost: How China can help the Solomon Islands protect its forests by Global Witness, October 2018.*

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