

Rural Services Business Unit (RSBU)

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1. Presentation Outline

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Customers, Finances and Action Plan

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2. PPL and RS Objectives

The objective of the RS division is to:

- Drive the Government's *Rural Electrification projects and efforts* in accordance with the Government's medium and long term Development Plans outlined in the "Vision 2050"
- Partner with stakeholders in our efforts to distribute power to rural citizens
- Be a well-managed, self-sufficient and proficient division within PPL
- Be transparent in all its dealings
- Create opportunities for Public-Private Partnership (PPP) investments
- Maintain focus on rural community services delivery

The objective of PPL is to:

- Assist the Government to fulfil a *social obligation*, providing power to rural citizens, thereby improving their standard of living
- Administer and manage the RS division's operations on behalf of the Government, including sub-contracting of specialist PPL staff and equipment to RS
- To enable the RS division's quest to be well-managed, self-sufficient, proficient and transparent

3. Key Business Drivers

- ***Improving operational management standards***
- ***Improving project planning and delivery standards***
- ***Develop project site selection criteria***

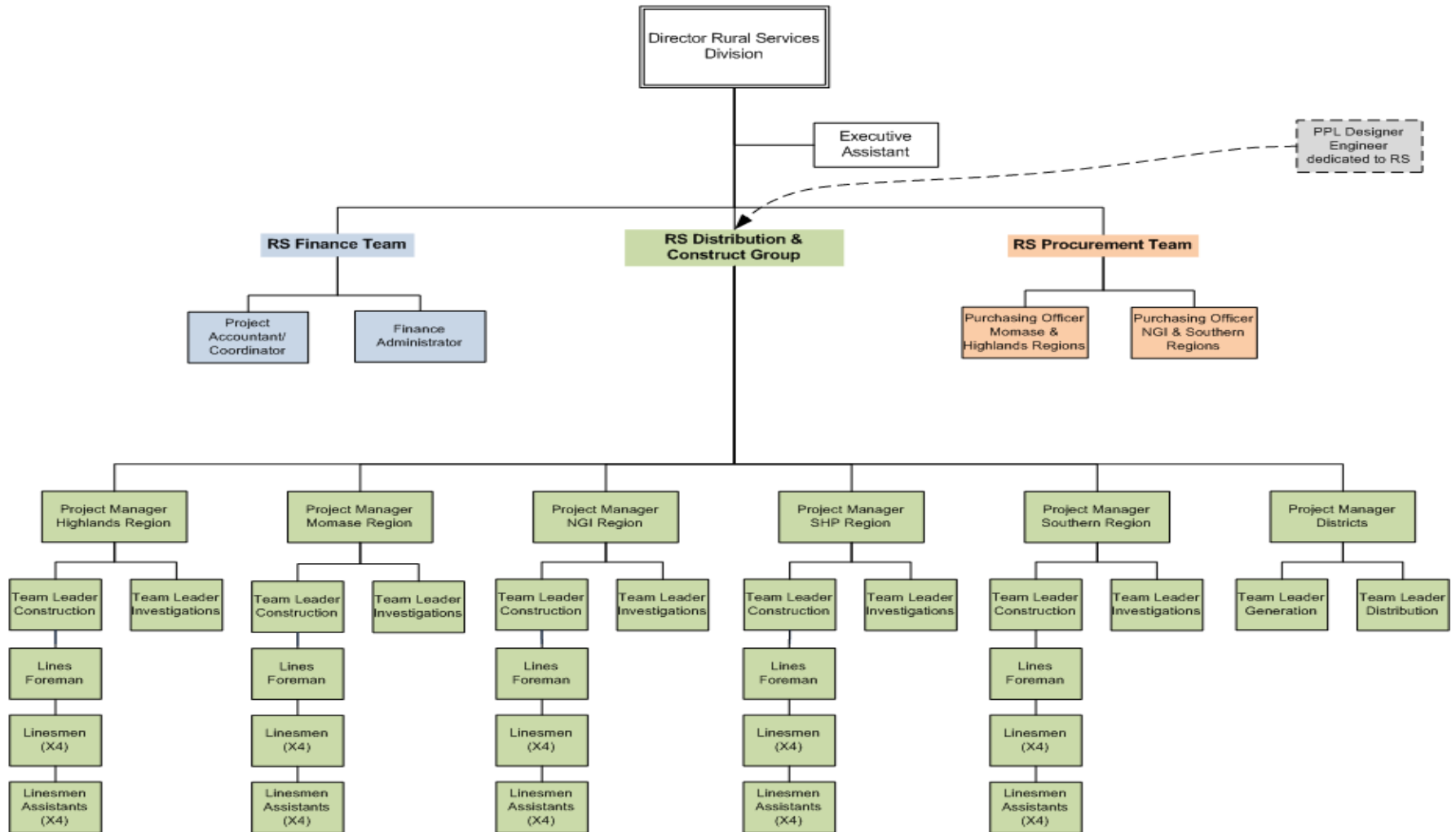
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4. Proposed Divisional Structure

Draft

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5. Challenges and Opportunities

- Stakeholders' expectations are not managed well
- Lack of clarity on PPL's '*social*' contribution
- Lack of clarity on asset ownership, and hence lack of clarity on ongoing operating and maintenance aspects
- Land owner issues
- No financial autonomy between RS and PPL
- Ineffective project planning and implementation
- RS operations have a narrow focus

Rural Services Division



RE Project Implementation 2012						
Region	Site	Funds Allocated	Cost to date	Balance	KM completed	Remarks
Highlands	Konkua Bilimoa	1.90 M	1,766 M	134,000.00	6km of 14km	Land issues
	Bobuifa Lahame	4.153 M	1.138 M	3.0 M	11km	Lahame 6km & Bena 5km
	Raipinka Okapa	1.0 M	1.543 M	-543,000.00	10km	No funds allocated
	Korefegu Kuruka	1.503 M	2.20 M	-700,000.00	28km	Funds exhausted
	Banz Kusngunan	1.0 M	1.04 M	-40,000.00	7km Of 42km	Funds exhausted
	Wurup Eka	300,000.00	205,000.00	95,000.00	2km	Funds exhausted
	Ganige Kewamugl	1.30 M	630,000.00	670,000.00	13km	Fully commissioned
	Tambul station Puluwe	2.0M	1.80 M	200,000.00	9km	Fully commissioned
	Minjikina Bukapena	3.0 M	1.63 M	1.37 M	13km	On going project
Southern	Alotau Bubuleta	1.27 M	213,778.00	725,771.00	4 km	Hold due land issues
	Taurama	1.042 M	849,569.60	51,779.00	2.3 km of 5km	On going project
	Popondetta Girua	1.021M	176,968.00	844,297.00		Survey and Procurement
NGI	Hutjena Ha gogoe	571,500.00	1,337,898.90		4km of 12m	funds exhausted
	Momote Mokareng	1.7 M	254,529.64	1,445,470.36		Survey Design and Procurement
	Nahavio Hoskins	3.4 M	630,266.00	2,869,734.00	7km	Construction
Momase	Passam Wingei	7,591,915.00	6,839,393.00	752,522.00	66.2km of 86.8km	On going project
	Maprik Bonohoi	5.8 M	3,443,201.31	2,356,798.00	11km of 35km	On going project
	Aitape Lumi	5.05M	1,276,182.61	3,773,817.39	3 km Of 39.2km	On going project
	Usino Bundi	1.25 M	749,924.97	500,000.00	13km	Survey Design Procurement
	Bulolo Buaung	560,000.00	464,584.78	95,415.22	5km	Fully completed

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6. Strategic Alliances

- Department of National Planning & Monitoring (DNPM)
- Provincial and Local Level Government (LLG)
- Members of Parliament (MP)
- PNG Power Ltd (PPL)
- Suppliers (product and service providers)
- Aid organisations, and NGOs
- Rural entities
- Rural citizens

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8. Focus of Rural Services Projects

In general future RE and RS development areas should focus on provinces/electorates / LLG:

- with large rural population segments comparatively to other rural parts of PNG
- with high economic activity (current and potential) comparatively
- which can easily integrated into the National Grid
- with potentially higher return on investment comparatively

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9. Project Prioritization

No .	Considered Sector	Units	Actual Data	Points Allocated
1.	Population along Line route	Number		
2.	Line route Length	Km		
3.	Potential Consumer	Number		
4.	Potential Consumers per kilometre of line	Ratio		
5.	Potential Consumers per Population	Ratio x 10		
6.	Schools to be connected	Number		
7.	Health Centres to be connected	Number		
8.	Government Admin & Services Centres to be connected	Number		
9.	Potential (Noticeable) Economic Activity Establishments	Number		
10.	Total Points	Score		

10. Power Generation Modes

- **Diesel Power Station**

Very expensive to maintain (Fuel cost)

- **Hydro Power Station**

Initial Cost is high (Capital Cost)

- **Solar Power Station**

Stand Alone Systems that we are exploring especially for the remote area

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11. Cost Structure

RS projects expenditure is currently categorised into six segments:

- Investigation
- Survey and Design
- Project planning
- Project delivery (construction)
- RS overheads component *
- Operating and maintenance *

12. Sources of Funds

There are four significant sources of Capital development funds presently:

- DNPM
- Provincial Government, LLGS and MPs
- PNG Power
- Aid organisations (Donor Agency)

In the future other Capital development funding streams will also include:

- Rural institutions [e.g. rural councils, Government posts, schools, hospitals, etc.]
- Rural commercial establishments [e.g. agricultural producers/processors, trade stores, etc.]
- Rural Banking , Post Office agencies

13. Concluding Remarks

The RS division is focused on developing mutually beneficial relationships between PPL, DNPM, Province Governments and LLGs. This will be achieved by:

- Clarifying stakeholders' roles and responsibilities and segregating functions (financial, RS operations, project delivery and ongoing asset operations and maintenance]
- Developing a clear common purpose and establishing governance policies for PPL, DNPM, Province Governments and LLGs, this will clearly spell out:
 - asset ownership
 - funding arrangements over the expected life of an asset (20 to 40 years)
 - base funding and counter-funding arrangements
 - RE and RS 'key Result Areas' and 'Key Perform Indicators' over 5, 10, 20 and 30 years progressively – this is for performance monitoring and report for the DNPM [the vision 2050 document simply states, *“Increase the availability of rural electrification from 15% to 100% of the population”* by 2050]