

CONTENTS

Transmission and Distribution Systems on Koror Island and Babeldaob Island	
Koror-Babeldaob Power System Development Plan	
Layout of new Aimeliik Power Station	
Arrangement of Generating Facilities (new Aimeliik Power Station)	
Single Line Diagram for Koror Substation (Draft)	

INTRODUCTION

1. Background and Current Status of the Study.....	1
1.1 Background of the Study.....	1
1.2 Basic Policies of the Study.....	1
2. Relevant Issues and Points to Note for the Formulation of the Plan	2
2.1 Related Development Plans in the Sector Concerned and Points to Note	2
2.2 Socioeconomic Conditions.....	3
2.3 Development Plans.....	3
2.4 Electricity Tariff and Fuel Prices	3
2.5 Business Management Situation of the PPUC	4
2.6 Current State of Power Generating Facilities	4
2.7 Current State of Transmission, Distribution and Transforming Facilities	4
2.8 Renewable Energies	5
2.9 Environmental and Social Considerations.....	6
3. Planning Concept for the Optimal Plan.....	7
3.1 Power Demand Forecast	7
3.2 Power Station Expansion Plan	8
3.3 Transmission, Distribution and Transforming Facilities Expansion Plan	8
4. Improvement of the Operation of Power Facilities	9
4.1 Power Generating Facilities	9
4.2 Transmission, Distribution and Transforming Facilities	9
5. Business Management Improvement Measures	9
6. Funding Plan.....	10
7. Technology Transfer	11
7.1 Effective Use of the Working Group.....	11
7.2 Workshops	11
7.3 Preparation of an Effective O & M Manual	11
7.4 Unification and Compatibility of the Applied Standards	11
7.5 Management of Drawings and Data	12
8. Formulation Process of the M/P and Pre-F/S	12

1.	Socioeconomic Conditions and Development Programmes in Palau	1-1
1.1	Situation of Social Development	1-1
1.1.1	Population, History and Geography	1-1
1.1.2	Industrial Activities	1-1
1.1.3	Situation of Public Services and Infrastructure Development	1-2
1.2	Economy and Fiscal Situation	1-3
1.2.1	Economic Growth and Structural Characteristics	1-3
1.2.2	Financial Sector	1-4
1.2.3	Fiscal situation	1-6
1.2.4	Compact Revision and Economic Reform	1-7
1.3	Development Plans	1-8
2.	Conditions of Electricity and Energy Supply in Palau	2-1
2.1	Policies, System and Organization Relating to Electricity and Energy Supply	2-1
2.1.1	Electricity and Energy Policies	2-1
2.1.2	Legal Framework for Electricity Business	2-1
2.1.3	Organizations Relating to Electricity and Energy Policies	2-1
2.2	Organizations Relating to Electricity Business	2-2
2.3	Power Supply and Demand Situation	2-3
2.3.1	Power Demand	2-3
2.3.2	Power Supply Capacity	2-6
2.3.3	Load Characteristics of the Koror-Babeldaob Power System	2-9
2.4	Present Conditions of Power Generating Facilities and the Power Supply System	2-12
2.4.1	Conditions of Power Generating Facilities	2-12
2.4.2	Conditions of Transmission and Distribution Facilities	2-16
2.5	Power Development Plans	2-31
2.6	Potential of Primary and Renewable Energy in Palau	2-33
2.6.1	Endowment Situation of Primary Energies	2-33
2.6.2	Potential of Renewable Energy in Palau	2-34
3.	Financial and Managerial Analysis on PPUC	3-1
3.1	Objectives of Financial and Managerial Analysis on PPUC	3-1
3.2	Financial Structure and Management as the Executing Agency	3-1
3.2.1	Status of PPUC and Control of the Government	3-1
3.2.2	Organizational Structure for Business Administration and Management	3-1
3.2.3	Corporate Planning and Budgeting	3-2

3.2.4	Financial Management and Control	3-2
3.3	Cost Recovery and Tariff Structure	3-3
3.3.1	Existing Tariff Structure	3-3
3.3.2	Electricity Bill Collection	3-8
3.3.3	Analysis on Structural Characteristics of Revenue and Expenditure	3-10
3.3.4	Fundamental Direction for Cost Recovery Improvement.....	3-19
3.4	Main Steps to be Taken for Improvement of Financial Performance and Operation Efficiency of PPUC.....	3-20
3.4.1	Switch from Diesel Fuel Oil to Heavy Fuel Oil	3-20
3.4.2	Revision of Electricity Tariff of PPUC.....	3-21
3.5	The new actions currently taken by PPUC promptly response to the revision direction proposed by JICA Study Team	3-31
4.	Examination of Power Development	4-1
4.1	Power Demand Forecasts.....	4-1
4.1.1	Review of the Existing Power Demand Forecasts	4-1
4.1.2	Review of Economic Policies, Economic Growth Rate Forecast and Local Development Programme	4-6
4.1.3	Examination of Demand Side Management.....	4-8
4.1.4	Power Demand Forecast.....	4-16
4.2	Formulation of the Power Development Plan.....	4-33
4.2.1	Examination of the Power Station Construction Plan	4-33
4.2.2	Examination of the Transmission, Distribution and Substation Facility Expansion Plan	4-43
4.2.3	Environmental and Social Considerations at the Examination Stage of the Power Development Plan	4-77
4.3	Examination of Power Supply Options Including Renewable Energies	4-85
4.3.1	Current Condition and Assessment of Renewable Energies in Palau	4-85
4.3.2	Effects of Introducing Renewable Energies	4-89
4.3.3	Plan for Introduction of Renewable Energies.....	4-99
4.3.4	Issues and Recommendations in Promoting Introduction of Renewable Energy.....	4-101
4.3.5	Organization and Functions for Introduction of Renewable Energies	4-104
5.	Pre-feasibility Study.....	5-1
5.1	Preliminary Design of the Preferential Project concerning Power Generation and Transmission and Distribution	5-1
5.1.1	Preliminary Design of the Power Generation Project	5-1
5.1.2	Preliminary Design of the Transmission and Distribution Project	5-10
5.2	Environmental and Social Considerations Regarding Priority Projects.....	5-35

5.2.1	Environmental and Social Consideration System in Palau	5-38
5.2.2	Target Projects subject to Pre-Feasibility Study	5-38
5.2.3	Initial Environmental and Social Considerations on Power Generation Project	5-39
5.2.4	Initial Environmental and Social Considerations on Transmission and Distribution Facilities	5-58
5.2.5	Recommendations to PPUC's Organization in Charge of Environmental Management	5-66
5.3	Financial Analysis and Fund Procurement for the Projects Proposed	5-68
5.3.1	Necessary fund and Lending Institutions for Concessional Loan	5-68
5.3.2	Underlying assumption for financial analysis of the projects	5-72
5.3.3	FIRR and NPV	5-73
5.3.4	Time-schedule from the confirmation of fund procurement up to the operation commencement	5-75
6.	Examination for Operational Improvement of Power Supply Equipment	6-1
6.1	Operational Improvement of Power Equipment	6-1
6.1.1	Current Operation and Maintenance Conditions of Power Generating Equipment	6-1
6.1.2	Recommendations for Operational Improvement of Power Generating Equipment	6-9
6.2	Operational Improvement of Transmission and Distribution Equipment	6-16
6.2.1	Current Operation and Maintenance Conditions of Transmission and Distribution Equipment	6-16
6.2.2	Recommendations concerning Operational Improvement of Transmission and Distribution Equipment	6-20
6.2.3	SCADA Improvement Plan	6-28
7.	Conclusions and Recommendations	7-1
7.1	Power Station Construction Plans and Transmission, Distribution and Substation Expansion Plans	7-1
7.2	Renewable Energy Introduction Plan	7-2
7.2.1	Photovoltaic Power Generation	7-2
7.2.2	Hydropower Generation	7-2
7.2.3	Solar Thermal Energy Utilization	7-2
7.3	Improvement Plans for PPUC's Business Management	7-3
7.4	Recommendations for Operational Improvement of Power Supply Facilities	7-5
7.4.1	Power Generation Facilities	7-5
7.4.2	Transmission, Distribution and Substation Equipment	7-6