

STANDING COMMITTEE REPORT NO. 18-229

RE: C.R. NO. 18-196/R&D

SUBJECT: APPROVING A GRANT IN THE AMOUNT OF
\$14,400,000 FROM THE INTERNATIONAL
DEVELOPMENT ASSOCIATION

SEPTEMBER 26, 2014

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2014

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred C.R. No. 18-196, entitled:

"A RESOLUTION APPROVING AND ACCEPTING A INTERNATIONAL
DEVELOPMENT ASSOCIATION GRANT IN THE AMOUNT OF
\$14,400,000, TO FUND THE IMPLEMENTATION OF THE ENERGY
SECTOR DEVELOPMENT PROJECT, INCLUDING ALL THE TERMS AND
CONDITIONS OF THE ASSISTANCE."

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

Congressional Resolution No. 18-196 is a grant in the amount of \$14,400,000 donated by the World Bank Group. The Presidential Communication No. 18-345 specifically identified the proposed use of the \$14.4 million, which is an Energy Project for the people of the Federated States of Micronesia.

Your committee held a public hearing on Congressional Resolution No. 18-196 on Wednesday, September 24, 2014 jointly with the Committee on External Affairs. Your committee learned that the energy project has three components:

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Component 1 is upgrading the Pohnpei Utility Corporation by the installation of 2 MW new diesel generators to replace the two old generators. Also, installation of a new 1.2 MW diesel generator for the Kosrae Utility Authority and also fuel injection services in all generators including energy audits at the KUA plant. For Chuuk Public Utility Corporation, there will be a 200kw solar generation (connected to the grid), replacement of light bulbs in street lamps to increase energy efficiency and luminescence. For Yap State Public Service Corporation, installation of capacitor banks and fuel meters, prepaid meters for all consumers, and an installation of a new 1.5MW diesel generator. Component 1 also includes activities to improve the technical performance of the state power utilities through: capacity building, and development and implementation of operations and maintenance plans.

Component 2 deals with the National and State energy planning. Part of the funding will source those that are involved in the energy project namely, the Division of Energy at the FSM Department of Resources and Development who is also the Project Implementing Agency, Pohnpei Utility Corporation, Chuuk Public Utility Corporation, Kosrae Utility Authority and Yap State Public Services Corporation. Those involved need to assess the priority power sector investments for the next 5 years, come up with environmental and social aspects, resilience to natural hazards, and gender dimensions will be integrated into the planning process. For priority projects, feasibility studies, environmental and social impact assessment and other specific studies will be done to make the investment ready.

Component 3 deals with the Technical Assistance and Project Management. There is funding to enhance the capacity of the Energy Division and the Association of the Micronesian Utilities. These will include sector data collection, development of an information management system, undertaking of utility benchmarking, implementing the National Energy Policy and developing a utilities reform program to improve sustainability of operations. Also, there will be funding to enhance the capacity of the Energy Division for overall project coordination, management and monitoring.

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The energy project will run from 2014 to 2018. The proposed funding will fund project activities that are expected to benefit all the people of this nation, which include more reliable and sustainable energy supply; improved energy planning and technical capacities, including more reliable energy sector data; overtime lower energy costs than without the project; reduce use of fossil fuels; and increased energy security.

At the hearing, your committee was informed that this energy project is a consensus decision reached by all stakeholders in the energy sector at the National and State Governments, which was packaged and forwarded to the World Bank Group as a priority energy project for the Federated States of Micronesia in the form attached hereto.

Recommendations of your committee

Your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 18-196 and upon concurrence with the Committee on External Affairs recommends its adoption in the form attached hereto.

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Respectfully submitted,

/s/ David W. Panuelo
David W. Panuelo, chairman

/s/ Victor Gouland
Victor V. Gouland, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Berney Martin
Berney Martin, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

/s/ Florencio S. Harper
Florencio S. Harper, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member