

TITLE 37
PUBLIC UTILITIES

DIVISION 1
ELECTRICAL POWER

Chapter 1
IPSECO

- § 101. Legislative findings and purposes.
- § 102. Grant and delegation of authority; ratification; approval.
- § 103. Reconciliation with other laws.
- § 104. [Repealed]
- § 105. [Repealed]

§ 101. Legislative findings and purposes.

(a) In Senate Joint Resolutions No. 53, 126, and 205, the Olbiil Era Kelulau has declared that the generation and reliable transmission of electrical power sufficient to meet the needs of the Republic are matters of the highest national importance.

(b) In order to achieve these objectives the Republic desires to enter into agreements with suppliers, financial institutions and other parties for the construction, operation and financing of a power station, fuel storage facility, transmission system, and related facilities (herein referred to as the “project”).

(c) Senate Joint Resolution No. 205 expressed approval of a proposal for the Republic to enter into contracts with IPSECO International Power Systems, Ltd. (IPSECO) to implement the project and requested the President of the Republic to introduce such legislation as is necessary to implement this proposal.

(d) The Olbiil Era Kelulau determines that chapter 5, of Title 40 of this Code does not authorize the President to enter into contracts relating to the project and that the President should be provided with specific statutory authority to enter into and implement such agreements as may be necessary for the project.

(e) It is the intention of the Olbiil Era Kelulau that this legislation grants to the President all necessary authority to implement the project and to supersede any provision of existing legislation that is inconsistent herewith.

Source

RPPL 1-54 § 1, modified.

Notes

See 2 PNCA § 102 for all references to Ministry names in this Title.

§ 102. Grant and delegation of authority; ratification; approval.

(a) The President is hereby empowered, for, on behalf of, and in the name of the Republic to enter into agreements for the construction, operation, and financing of the project, including but not limited to, agreements with IPSECO and with private or public lenders providing for the borrowing of money, the establishment of lines of credit and the furnishing of guarantees in relation thereto; provided, however, that the President shall not be authorized to enter into any contract for the construction of the project until he first announces to both houses of the Olbiil Era Kelulau his intention to provide for the immediate financing and construction of transmission lines to each of the 10 states of Babeldaob.

(b) The grant of authority in subsection (a) shall include the power to enter into any loan, guarantee or other agreement with any foreign government or foreign governmental entity as required in connection with the project, subject to the approval of both houses of the Olbiil Era Kelulau.

(c) The President may delegate to the Vice President the power to enter into such agreements as are authorized under this chapter.

Source

RPPL 1-54 § 2, as amended by RPPL 2-10 § 1(1), modified.

§ 103. Reconciliation with other laws.

Any agreement authorized hereunder may be executed and implemented irrespective of any provisions of sections 105 and 107 of the Palau District Code, Public Law No. 6-108, Public Law No. 7-5-4, Public Law No. 7-6-1, and RPPL No. 1-20 or any other existing laws, rules, or regulations which may be in conflict therewith.

Source

RPPL 1-54 § 3, as amended by RPPL 2-10 § 1(2), modified.

Cross-reference

The provisions of §§ 105 and 107 of the PDC, PL 7-5-4 and 7-6-1, and RPPL 1-16 and 1-20 are found in Title 40.

§ 104. [Repealed]

Source

RPPL 1-54 § 4; repealed by RPPL 4-13 § 15.

§ 105. [Repealed]

Source

RPPL 1-54 § 5, modified; repealed by RPPL 4-13 § 15.

**Chapter 2
Utility Rates for Government Housing**

§ 201. Government employees to pay for electricity.

§ 202. Selected exceptions.

§ 201. Government employees to pay for electricity.

Occupants of the houses owned or leased for employees of the Trust Territory Government or other governmental agencies in the Republic of Palau shall be charged at the standard residential rate per kilowatt-hour for any electrical power consumed.

Source

COM PL NO. 5-87 § 1, as amended by PL 7-1-25 § 1, modified.

Commission Comment

COM PL No. 5-87 was never codified in the 1980 Trust Territory Code due to the disbanding of the Congress of Micronesia. PL 7-1-25 was approved by the High Commissioner on April 2, 1980.

§ 202. Selected exceptions.

The provisions of section 201 shall not apply to any such occupant who is guaranteed free electrical power by virtue of

(a) his status as a member of the United States Civil Service, or

(b) any contract of employment which was in effect as of the effective date of this section; provided, however, that no contracts of employment entered into following the effective date hereof shall be inconsistent with the terms of this section.

Source

COM PL No. 5-87 § 2, modified.

Commission Comment

The High Commissioner signed COM PL NO. 5-87 into law on May 7, 1974.

**Chapter 3
Government Utility Charges**

§ 301. National and State government utility charges.

§ 302. P.U.C. charges.

§ 301. National and State government utility charges.

All entities of the national government and the state governments shall pay for all electrical and water utility services consumed, and shall not be given preferential treatment in the handling of their accounts by the agency of the national government responsible for the collection of such utility charges. This policy shall take effect on October 1, 1991.

Source

RPPL 3-40 § 9, modified.

Cross-reference

See 37 PNCA § 415(b).

§ 302. P.U.C. charges.

(a) The Palau Public Utilities Corporation (“P.U.C.”) shall provide copies of all billing statements for electric utility charges for each agency of the Executive Branch of the Republic of Palau directly to the Minister of Finance. Notwithstanding any other provision of law or regulation, the Minister of Finance shall: (1) promptly review such billing statements; (2) pay those electric utility charges he deems to be properly levied against the relevant agency on or before the due date set forth on the billing statement; and (3) make appropriate deductions from the budget for the relevant agency or budget line-item. The approval of the Minister or other management official otherwise responsible for approval of expenditures on behalf of an Executive Branch agency shall not be required for the Minister of Finance to make the payments as contemplated herein. Nothing in this section shall be construed or deemed to suspend or waive the requirement of 40 PNC § 401 that the Director of the Bureau of Program, Management and Budget shall certify that funds are available to make the payments of utility charges as contemplated herein.

Source

RPPL 5-34 § 40(a), modified.

Chapter 4
Palau Public Utilities Corporation

- § 401. Short title.
- § 402. Definitions.
- § 403. Creation of corporation; general provisions.
- § 404. Board of directors; terms, vacancies, quorum and compensation.
- § 405. Public meetings and official documents.
- § 406. Chief Executive Officer.
- § 407. Review of contracts.
- § 408. Review of major business negotiations.
- § 409. Fiscal authority of corporation; audits.
- § 410. General Corporate Powers.
- § 411. Powers and responsibilities of PPUC.
- § 412. Rates; rate making process; restriction of tariff raises by Palau Public Utilities Corporation.
- § 413. PPUC funds.
- § 414. Cross-subsidization prohibited.
- § 415. Prohibition of free or discounted services.
- § 416. Tampering; unauthorized connections; penalties.
- § 417. Transition of authority of water and waste water operations to PPUC.
- § 418. Severability.
- § 419. Palau Energy and Water Administration as energy, water, and waste water regulator.

§ 401. Short title.

This Act shall be known as and may be cited as, “The Utilities Consolidation Act”.

Source
RPPL 9-4 § 1, modified.

Notes
RPPL 9-4 § 4 reads: Amendment. RPPL No. 4-13, as amended, and codified in Chapter 4 of Title 37 of the Palau National Code, entitled, “Palau Utilities Corporation,” also known as the Palau Public Utilities Corporation, or “P.P.U.C.,” is hereby stricken and replaced with Section 5 of this Act.

§ 402. Definitions.

In this chapter:

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 402

- (a) “Board of Directors” or “Board” means the Board of Directors of the Palau Public Utilities Corporation.
- (b) “Charges” include all forms of revenue derived by the PPUC from users of electricity, water, waste water services, installation fees, service reconnection fees, equipment fees, demand rates, and any other similar services provided by PPUC to the public for a fee that generates revenue for PPUC.
- (c) “Cost of capital” means the cost to the corporation that consists of the cost of debt and the cost of equity, except for depreciation expenses of donated assets.
- (d) “Customer” or “user” means any natural person, individual, clan, association, business, partnership, company, joint venture, corporation, government entity, non-profit organization, or any other legally cognizable entity.
- (e) “Energy Production” means the field of activities focused on obtaining energy from natural resources or processes. These activities include the production of energy from conventional, alternative, and renewable sources of energy, and for the recovery and reuse of energy that would otherwise be wasted.
- (f) “Major business negotiations” means negotiations regarding the transfer of operating or managerial control to a party other than the PPUC, including Grid Connection Agreement negotiations and Power Purchase Agreement negotiations.
- (g) “Palau Energy and Water Administration” or “PEWA” means the Administration as established in chapter 7 of this Title.
- (h) “Production costs” means the cost incurred by PPUC when producing a service.
- (i) “Public corporation” means an entity wholly-owned by the national government, doing business as a corporation formed under the laws of the Republic.
- (j) “Rates” means the dollar amounts charged for electricity, water, or waste water services to particular users or class of users according to the approved tariff schedules.

Source

RPPL 9-4 § 5[402], modified. Subsection (a) amended, new subsections (e), (f), (g) added and the rest of subsections re-lettered accordingly by RPPL 10-23 § 2. Subsection (g) amended by RPPL 11-18 § 2.

§ 403. Creation of corporation; general provisions.

(a) There is created a public corporation, to be called the Palau Public Utilities Corporation (PPUC), which shall operate in the form and manner prescribed by this chapter, and which shall be subject to regulations as promulgated by the Palau Energy and Water Administration.

(b) PPUC shall not be exempt from any national and state taxes, or fees, or regulations; except that PPUC shall be exempt from all state government regulations or control. Nothing in this chapter shall exempt employees, suppliers, and independent contractors of PPUC from their tax obligations, and PPUC shall be liable for employees' contributions to the Social Security System, Medical Savings Fund, and the Civil Service Pension Plan of the Republic in a manner provided by law.

Source

RPPL 9-4 § 5[403], modified. Amended by RPPL 10-23 § 2. Subsection (b) amended by RPPL 11-11 § 11. Subsection (a) amended by RPPL 11-18 § 2.

§ 404. The PPUC Board of Directors; terms, vacancies, quorum and compensation.

(a) The affairs of the PPUC shall be directed, and its corporate powers exercised, by a Board of Directors, as regulated by the Palau Energy and Water Administration, per 37 PNC § 419.

(b) All powers vested in the PPUC shall be exercised by the Board, except to the extent that this chapter or the Board delegates powers to the Chief Executive Officer of the PPUC or other persons as expressly provided therein.

(c) Composition.

(1) The Board shall consist of seven (7) voting members that shall be called "Directors," which shall be appointed by the President with the advice and consent of the Senate.

(2) Four (4) Board member positions shall be held by individuals in possession of a bachelor degree and with at least two (2) years' experience in electric utilities management, water utility management, waste water management, utility engineering, finance, management, public administration, or law.

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 404

(3) A nationally elected public official or a nationally appointed public official shall not serve on the Board.

(4) An employee of PPUC shall not serve on the Board.

(5) Board members of PPUC shall not serve as employees of PPUC.

(d) Board member terms.

(1) Three (3) Board members shall serve a term of three (3) years at which time the Board member may be reappointed by the President with the advice and consent of the Senate.

(2) Two (2) Board members shall serve a term of five (5) years at which time the Board member may be reappointed by the President with the advice and consent of the Senate.

(3) Two (2) Board members shall serve a term of four (4) years at which [time] the Board member may be reappointed by the President with the advice and consent of the Senate.

(4) Board members may be reappointed for three (3) years at which Board members shall not serve longer than three (3) consecutive terms.

(e) Removal of a Board Member. A Board member may resign or be removed prior to the end of term by the President of the Republic for cause, including conflict of interest as defined in 33 PNC § 604, or where there is an abuse of power, or grievous dereliction of duty.

(f) The Board shall organize annually by electing one of its members as Chairman and another as Vice Chairman. The Chairman and Vice Chairman may be removed from office by a vote of not less than four (4) members of the Board. The Board shall designate a Secretary, who may or may not be a member of the Board itself, to keep the minutes and records of the Board.

(g) The Board shall promulgate a code of conduct and ethics that shall govern the conduct of members of the Board.

(h) Vacancies. Any member appointed to fill a vacancy on the Board occurring prior to

the expiration of the term for which his predecessor was appointed shall be appointed by the President, with the advice and consent of the Senate, for the remainder of such term.

(i) Quorum. The Chairman or four (4) members of the Board may call meetings. Any four (4) members of the Board shall constitute a quorum. The concurrence of a majority of all Directors present at any meeting, and in no event, of less than a majority of a quorum shall be necessary for any official action taken by the Board unless otherwise provided herein. No vacancy in the membership of the Board shall impair the right of the quorum to exercise all of the rights and perform all of the duties of the Board.

(j) Members of the Board shall be entitled to fifty dollars (\$50) per board meeting, which shall be capped at five hundred dollars (\$500) a quarter, with compensation and per diem at established national government rates when traveling on the business of the PPUC.

Source

RPPL 9-4 § 5[404], modified. Subsection (a) amended by RPPL 11-18 § 2.

Notes

The bracketed [time] in subsection (d)(3) added by the editor as complying with likely intention of Legislation.

§ 405. Public meetings and official documents.

General and annual meetings of the Board shall be open to the public and official documents shall be available for public inspection, including employment contracts.

Source

RPPL 9-4 § 5[405].

§ 406. Chief Executive Officer.

(a) The Board shall appoint one (1) person to be the Chief Executive Officer of PPUC and to serve as a non-voting member of the Board. The Board shall use its best efforts to appoint as Chief Executive Officer a person with appropriate training, broad experience and demonstrated ability in the operational, financial, personnel, and other aspects of managing an electricity, water and waste water services company, or similar installation.

(b) The Board shall fix the compensation of the Chief Executive Officer and said compensation shall be pursuant to a written contract of employment. The Chief Executive Officer serves at the will of the Board.

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 406

(c) The Chief Executive Officer shall have, in accordance with the oversight of and policies established by the Board, charge and control of the operation and maintenance of the facilities of the PPUC, and of construction of any additions, modifications in or replacement of any part of such PPUC facilities. The powers of the Chief Executive Officer shall include:

- (1) To ensure that all rules and regulations of the PPUC, and all rules and regulations governing the PPUC, are enforced;
- (2) To attend, unless excused by the Board, all meetings of the Board and submit reports on the affairs of the PPUC as required by the Board;
- (3) To keep the Board advised on the needs of the PPUC and to approve demands for payments of obligations within the purposes and amounts budgeted by the Board;
- (4) To prepare or cause to be prepared all plans and specifications for the construction and repair of works and facilities operated by the PPUC;
- (5) To select, hire and terminate the employees of the PPUC, including to contract for professional, legal, accounting, technical and advisory services;
- (6) To plan, organize, and control the services of such employees in the exercise of the powers of the PPUC under the general direction of the Board and the policies established by the Board;
- (7) To cause to be compiled and published, within one hundred and twenty (120) days after the end of each fiscal year, a financial statement showing the results of operations for the preceding fiscal year and the financial status of the PPUC on the last day thereof. The publication shall be made in the manner provided by the Board and shall be sent to both houses of the Olbiil Era Kelulau and the President of the Republic; and
- (8) To perform such other and additional duties as the Board may require.

Source

RPPL 9-4 § 5[406]. Subsections (a) and (c) amended by RPPL 10-23 § 2.

§ 407. Review of contracts.

(a) The Chief Executive Officer and the Board shall ensure that all legal agreements and contracts are reviewed and approved as to form and legality by an attorney with responsibility for assisting the PPUC or by the Attorney General, subject to subsection (b) of this section. For contracts requiring the prior approval of the PEWA pursuant to 37 PNC § 408, 37 PNC § 707, or any other provision of law, the PPUC shall coordinate with the PEWA to ensure timely submission of the contract to the PEWA for review.

(b) If the PPUC transfers any ownership interest or operating control to a private entity, the Attorney General's Office shall no longer be eligible to review contracts under this section.

Source

RPPL 9-4 § 5[407]. Amended by RPPL 10-23 § 2. Amended by RPPL 11-18 § 2.

§ 408. Review of major business negotiations.

(a) PPUC shall secure approval from the PEWA before entering into major business negotiations. If the PEWA grants approval to enter into negotiations, PPUC shall notify the President of the Republic of Palau and the presiding officers of the Olbiil Era Kelulau in writing of these negotiations. The PEWA shall create regulations establishing the manner in which prior approval to enter into major business negotiations is requested and subsequently granted or denied.

(b) PPUC shall submit to PEWA for review any contracts that finalize agreements resulting from major business negotiations. Such contracts may not be signed by PPUC unless PEWA approves the contract.

Source

RPPL 9-4 § 5[408]. Amended by RPPL 10-23 § 2. Amended by RPPL 11-18 § 2.

§ 409. Fiscal authority of corporation; audits.

(a) PPUC shall establish and maintain records and accounts of all of its financial transactions; and shall have full charge of its financial affairs.

(b) The Public Auditor shall monitor the financial affairs of PPUC, comment on its annual financial statement as appropriate, and review its audits. The Public Auditor may,

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 410

if he deems it necessary or appropriate, investigate the financial affairs of PPUC, compelling disclosure of all operations, books, records, procedures, and transactions of PPUC. The Public Auditor shall report his findings concerning PPUC to the President and the Olbiil Era Kelulau.

Source
RPPL 9-4 § 5[409].

§ 410. General Corporate Powers.

(a) The PPUC shall have the power to do all things necessary or convenient to be done in connection with or incidental to the performance of the functions and all things related to the performance of its functions, including the following:

- (1) to have succession and to sue and be sued in its corporate name;
- (2) to purchase, operate, use and dispose of in any lawful manner, any type of property, whether real, personal, or mixed; and, pursuant to Article XIII, Section 7 of the Constitution, PPUC may request that the President exercise the Eminent Domain power of the National Government to expropriate private land for a public purpose of PPUC;
- (3) to enter into contracts; provided that employees earning more than forty thousand dollars (\$40,000) a year shall be hired on a contractual basis with performance benchmarks for a maximum of two years;
- (4) to adopt and use a corporate seal;
- (5) to adopt, amend, or repeal its bylaws;
- (6) to obtain the services of suppliers, employees, agents, attorneys, auditors, and independent contractors upon such terms and conditions as it deems appropriate, in accordance with any applicable rules and regulations; however, no health insurance shall be provided to PPUC employees, other than Palau Health Insurance. There shall be no prohibition of private health insurance for employees acquiring such health insurance at their own expense;
- (7) to investigate, research, and implement where feasible and practicable the application of appropriate renewable energy resources, including solar power,

tidal power and wind generated power, and other energy sources for electricity, water and waste water services; and

(8) to carry out any other such duties or responsibilities necessary to carry out the purposes of this chapter.

Source

RPPL 9-4 § 5[410], modified. Subsection (a)(6) amended by RPPL 10-23 § 2.

§ 411. Powers and responsibilities of PPUC.

(a) Subject to applicable rules and regulations as promulgated by the PEWA, the PPUC shall be responsible for the electricity operations of the Republic, which shall include the following powers and responsibilities:

- (1) To generate, acquire, exchange, transport, distribute, market, and otherwise supply electricity;
- (2) To undertake, maintain and operate any works, system, facilities apparatus, or equipment required for any purpose referred to in paragraph (1);
- (3) To utilize its expertise and resources to provide consultative, advisory or other services that will earn sufficient revenue in order to fund its operating costs, production costs, and full recovery of the cost of its capital;
- (4) To develop and utilize any technology, software, or other intellectual property that relates to a function referred to in this Section;
- (5) To manufacture and market any product that relates to a function referred to in paragraphs (1), (2), or (4);
- (6) To undertake actions, including policies, procedures, standards, codes of practice and practice directions relating to any work intended to form part of, or to be directly or indirectly connected to any systems or works of the PPUC in providing electricity services, that will earn sufficient revenue in order to fund its operating costs, production costs, and full recovery of the cost of its capital;
- (7) To adopt electricity service regulations to set electrical standards for the power system and any renewable energy systems, subject to approval by the

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 411

PEWA;

(8) To refuse any substandard connection that does not meet the requirements of subsection (7) above;

(9) To propose standards and guidelines for adoption by the Palau Energy and Water Administration, pursuant to applicable regulations, that allow the PPUC to receive energy generated by hotels and other Independent Power Producers into the PPUC electrical grid; and

(10) To propose for adoption a structure of rates and to implement the rate structure as approved by the Palau Energy and Water Administration for its electrical services calculated to ensure that adequate and equitable charges are imposed for its services.

(b) Subject to the regulations promulgated by the PEWA, the PPUC shall be responsible for the water and waste water operations of the Republic, which shall include the following powers and responsibilities:

(1) To acquire, store, treat, distribute, market, and otherwise supply water for any purpose;

(2) To collect, store, treat, market, and dispose of wastewater;

(3) To undertake, maintain, and operate any works, system, facilities, apparatus or equipment required for any purpose referred to in paragraph (1) or (2);

(4) To use its expertise and resources to provide consultative, advisory, or other services that will earn sufficient revenue in order to fund its operating costs, production costs, and full recovery of the cost of its capital;

(5) To develop and turn to account any technology, software, or other intellectual property that relates to a function referred to in paragraphs (1), (2), or (3);

(6) To manufacture, market, and sell, any product to its consumers that relates to a function referred to in paragraphs (1), (2), or (3);

(7) To undertake actions, including policies, procedures, standards, codes of practice and practice directions relating to any work intended to form part of, or to

be directly or indirectly connected to any systems or works of the PPUC in providing water and waste water services that will earn sufficient revenue in order to fund its operating costs, production costs, and full recovery of the cost of its capital;

(8) To exercise the powers provided by the Underground Utility Damage Prevention Act (37 PNC §§ 501-511) as operator of the water and waste water systems, and exercise the rights and powers vested in the Director of Public Works under the Sewer Use Act (34 PNC Chapter 12);

(9) To propose for adoption a structure of rates and to implement the rate structure as approved by the Palau Energy and Water Administration for the water and waste water services and facilities calculated to ensure that adequate and equitable charges are imposed for its services;

(10) To comply with all regulatory requirements set forth by the Environmental Quality Protection Board in accordance with the provisions of the National Water Resources Management Plan and existing laws and regulations, including those regarding water abstraction, water quality, and water level measurements; and

(11) To take regular periodic measurements of the water quantity at each source from which it abstracts water, and shall share all measurements of water quantity with the Environmental Quality Protection Board to enable the Environmental Quality Protection Board to monitor and permit water abstraction.

(12) To develop and design standards for technically advanced septic tank systems that shall be available for public use.

Source

RPPL 9-4 § 5[411], modified. Subsection (b) is amended by RPPL 9-19 § 5, modified. Subsection (a) amended by RPPL 10-23 § 2. Subsection (b) amended to add a new subparagraph (12) by RPPL 10-36 § 7. Subsection (a) and (b) amended by RPPL 11-18 § 2.

Notes

“Paragraph” replaced the term “subparagraph” to conform with the standard code format.

§ 412. Rates; rate making process; restriction of tariff raises by Palau Public Utilities Corporation.

(a) The rates set by PPUC for the electricity operations of the Republic that are in effect

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 412

on the effective date of this act shall be the rates of PPUC on the effective date of this Act, provided, however, that PPUC shall not increase any tariffs on utilities until after October 1, 2020; PPUC shall also provide a supplemental report to the President of the Republic, the Presiding Officers of the Olbiil Era Kelulau, and the office of the Public Auditor on or before May 31, 2020. Such report shall include but not be limited to the following:

- (1) A progress report on the improvements of the water and waste water systems as funded by the ADB loan;
- (2) A progress report on the Water Supply Improvement Project funded by the Government of Japan;
- (3) A detailed proposed tariff schedule pursuant to Section 412 of Title 37 of the Palau National Code;
- (4) The reasoning behind such tariff increases, and the corresponding provisions in the ADB loan such increase seeks to satisfy; and
- (5) a comprehensive action plan to stabilize utilities rates, to include the viability of establishing variable wastewater rates for establishments which obtain the majority of their water supply from water sources other than PPUC.

(b) The rates set by the Palau Water and Sewer Corporation for the water and waste water operations of the Republic that are in effect on the effective date of this Act shall be the rates of PPUC on the effective date of this Act in Arai and Koror State. All other outlying states' water rates shall be rates from 2011 until such time as determined by PEWA, that is appropriate for subsection (d) to apply in the determination of future rates for outlying states; provided that the 2011 rates shall remain in effect for the outlying states for not less than two years from the effective date of this act.

(c) Future electricity rates shall be designed on the equitable basis of meeting PPUC's operational costs and recovering the cost of capital of PPUC. Future electricity rates shall be established pursuant to the following procedure:

- (1) If the Board elects to adjust electricity rates in the Republic, it shall notify the PEWA of the proposed rate change and seek prior approval.
- (2) If PEWA approves the proposed rate change, PPUC shall then comply with

the requirements of subsection (f) of this section.

(d) Future water rates shall be assessed on the basis of quality and volume of water used. Waste water rates shall be assessed on the basis of usage and the manner of such usage. Customers may be classified for the purpose of assessing water and waste water rates in accordance with this policy. All future rates shall be designed on the basis of achieving full cost recovery, meeting PPUC's operational costs, and recovering the cost of capital of PPUC.

(1) If the board elects to adjust water or waste water rates in the Republic, it shall notify the PEWA of the proposed rate change and seek prior approval.

(2) If PEWA approves the proposed rate change, PPUC shall then comply with the requirements of subsection (f) of this section.

(e) The Board may propose rates distinguishing between commercial and residential users and preferential rates for individuals or households with low demand or low income. Any proposed rate changes must comply with the procedural requirements of this section. Additionally, any proposed electricity rate changes must be consistent with any applicable PEWA rules and regulations.

(f) Rate making process. Prior to the proposed adoption of new rates or a new rate structure, the PPUC shall provide not less than thirty (30) calendar days' notice of the proposed action by posting written notice at the President's Office, at the Judiciary Building, all state offices and public bulletin boards on businesses, at least once a week in a newspaper with national circulation, and announced on the radio at least four (4) times daily on ten (10) consecutive business days, within the first twenty-five days after it is posted.

(g) The notice required by subsection (f) shall include all of the following:

(1) The legal authority for the rate change.

(2) A short statement that sets forth the reasons for the rate increase.

(3) The time and place of the public hearing, as required in subsection (h).

(4) Where, when, and how interested persons may present their views on the rate increase.

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 413

(h) The Board shall conduct a public hearing at which the views of the public may be heard. If the public hearing concerns a change in electricity, water, or waste water rates, a representative of the PEWA shall also attend.

(i) Only after having complied with the provisions of this section, including securing prior approval from the PEWA for any electricity, water, or waste water rate change, may the PPUC Board adopt the proposed tariff schedule. All rates and charges must be in the tariff schedule, and shall be filed at the President's office. The effective date of the rates shall be the day the tariff schedule is filed at the President's office. The new tariff schedule shall also be publicized and be made available to the general public.

(j) With respect to customers who have diminished water quality at the time of the passage of this Act, until such time that the water quality of such customers is improved and certified as improved by the Environmental Quality Protection Board, these customers shall not be subject to the tariff schedule, but rather the PPUC shall establish a schedule of subsidized rates to be applicable to these customers.

Source

RPPL 9-4 § 5[412], modified. Subsection (j) is added by RPPL 10-1 § 27. Subsection (a) amended by RPPL 10-19 § 5. Subsections (a), (c), (e), (f), (g), (h) and (i) amended by RPPL 10-23 § 2. Subsection (a) amended by RPPL 10-26 § 3, modified. Subsection (a) amended by RPPL 10-42 § 40. Subsections (b),(c),(d),(e),(h) and (i) amended by RPPL 11-18 § 2.

§ 413. PPUC funds.

(a) PPUC shall be responsible for the collection of all payments of electric, water and waste water service bills and related fees and charges of PPUC; such funds shall be deposited to one or more bank accounts established at the direction of the PPUC Board of Directors.

(b) Funds which have been appropriated by the National Government for PPUC operations subsidies, for capital improvements, or for other purposes shall be deposited to the PPUC bank account(s) by the National Treasury immediately following each quarterly allotment by the Bureau of Program, Budget and Management.

(c) U.S. Federal or other grants received in the name of the National Government on behalf of PPUC shall be the responsibility of PPUC; therefore, PPUC will be responsible for preparation of all federal reports and forms required to receive federal grant cash and account for federal expenditures and obligations. Funds received by the National Government for such grants shall be transferred to the PPUC bank account(s)

immediately upon their receipt. The PPUC shall have authority to apply for and accept financial assistance from any nation or organization and deposit such funds directly to its bank account(s).

(d) The Board and the Chief Executive Officer shall have authority to expend all such monies deposited to PPUC bank accounts, including signature authority on checking and savings accounts; the National Treasury shall not have authority to withdraw funds from PPUC accounts.

(e) The Board and the Chief Executive Officer shall be responsible for insuring that all PPUC purchasing is done in accordance with generally accepted management practices and in accordance with U.S. federal regulations in the case of federal grants; that all funds are properly accounted for and expended only for necessary and proper expenses of the PPUC and, as applicable, in compliance with federal grant regulations and conditions.

(f) Any part of any Memorandum of Understanding between PPUC and the National Government which conflicts with this section shall be void.

Source

RPPL 9-4 § 5[413], modified.

§ 414. Cross-subsidization prohibited.

(a) Water and waste water operations shall be treated as a separate business segment from the electricity operations of PPUC. PPUC shall adopt an organizational structure delineating a chain of management for water and waste water operations that is distinctively separate from electricity operations. Shared administrative costs and expertise shall be allocated to the two separate business segments based on the United States standard of cost accounting applicable to utilities.

(b) PPUC shall maintain two separate accounts within its general account for:

(1) the electrical generation operations of PPUC; and

(2) the water and waste water operations of PPUC.

(c) The electricity generation operation of PPUC shall not be utilized to subsidize the water and waste water operations of PPUC. The water and waste water operations of PPUC shall not be utilized to subsidize the electrical generation operations of PPUC.

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 415

(d) Any surplus revenue generated by:

(1) the electrical generation operations of PPUC shall remain in the account created for the electrical generation operations.

(2) the water and waste water operations of PPUC shall remain in the account created for the water and waste water operations.

(3) However, the Board may approve loan agreements specifying terms of repayment with interest for loans of surplus funds generated by either the water and waste water operations or electricity operation to the other operation.

(e) Any grants from an outside entity that are provided to PPUC for the electricity generation operations shall be placed into the account for the electricity generation operations. Any grants from an outside entity that are provided to PPUC for the water and waste water operations shall be placed into the account for the water and waste water operations.

(f) The electricity generation operations shall be responsible for its own operating costs and recovering the cost of its capital. The water and waste water operations shall be responsible for its own operating costs and recovering the cost of its capital.

(g) Nothing in this section shall be interpreted to prohibit the development of shared services between the electricity generation operations and the water and waste water operations that will result in lower costs to the consumer or increased revenue to the Corporation.

Source

RPPL 9-4 § 5[414], modified.

§ 415. Prohibition of free or discounted services.

(a) No officer or employee of the Palau Public Utilities Corporation or the Palau Energy and Water Administration may receive free utility service, or any discount for such service that is not generally available to customers of PPUC.

(b) The national government and state government shall not receive free or discounted services, or any other favorable treatment, unless such free or discounted service is generally available to the customers of PPUC. Notwithstanding any other law, the

national government and state government shall be charged interest for the failure to pay the bills of PPUC, including interest charges so defined in the tariff schedule of PPUC.

Source

RPPL 9-4 § 5[415]. Subsection (a) amended by RPPL 10-23 § 2. Subsection (a) amended by RPPL 11-18 § 2.

Cross-reference

For free or discounted services to national government and state government, see 37 PNCA § 301.

§ 416. Tampering; unauthorized connections; penalties.

(a) For the purposes of this section, the term “pollutant” means any liquid, gaseous, or solid substance that contaminates the water so as to change the physical or chemical condition of it in such a manner as to make the water unclean, noxious, offensive, or impure, or so as to be detrimental to the health, safety, or welfare of persons using, consuming, or residing in the vicinity of the water.

(b) Any person who knowingly and willfully:

(1) discharges or introduces any pollutant into a water system of the PPUC or any water source used by the PPUC for the water it supplies, or who causes or permits another person to so discharge or introduce a pollutant; or

(2) tampers, interferes with or damages any pipes, fittings or appliances forming part of a water supply or waste water system so as to interfere with the supply or service, or who causes or permits another person to so tamper, interfere or damage; then

(3) such person shall be guilty of a misdemeanor, and upon conviction thereof, shall be imprisoned for a period of not more than one (1) year, or fined not less than one hundred dollars (\$100) or more than one thousand dollars (\$1,000) per day of violation, or both.

(c) Any person who knowingly and willfully tampers with an electrical generator, power line, or other infrastructure that is owned by PPUC shall be guilty of a misdemeanor and imprisoned for a period of not more than five (5) years, or fined not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000) per day of violation, or both.

(d) Any person who makes an unauthorized connection to a PPUC electrical system or water or waste water system operated by the PPUC, or who causes any other person to make an unauthorized connection to any electrical, water or waste water system operated

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 417

by the PPUC, shall be guilty of a misdemeanor, and upon conviction thereof, shall be imprisoned for a period of not more than one (1) year, or fined not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000) per day of violation, or both.

(e) Any person who negligently commits any of the offenses set forth in subsection (b) of this section, or who knowingly and willfully violates any regulation, rule, permit, order, standard or code of practice adopted and applying hereunder, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not less than fifty dollars (\$50) nor more than one thousand dollars (\$1,000) per day of violation.

(f) Any person who commits any offense which involves the unlawful taking of water and waste water services, or electrical power from a system operated by the PPUC shall be liable to pay for the electricity, water or waste water service unlawfully taken, as assessed by the PPUC, at a penalty rate according to the tariff schedule.

Source

RPPL 9-4 § 5[416], modified.

§ 417. Transition of authority of water and waste water operations to PPUC.

(a) On the effective date of this Act all employees that are currently employed by the Bureau of Public Works, the Rural Sanitation, and the Palau Water and Sewer Corporation shall be transferred to PPUC. All persons that are employed by or transferred to PPUC shall be employed in accordance with the personnel manual approved by the Board of the PPUC, and shall be subject to the direction and control of the Chief Executive Officer.

(b) All employees who were employed by the Palau National Government or the Palau Water and Sewer Corporation prior to the commencement of this Act and who were engaged in the performance of any functions to be undertaken by the PPUC, shall be transferred to the PPUC with benefits and terms no less favorable than those they were entitled to immediately prior to the commencement of this Act.

(c) On the effective date of this Act PPUC shall receive and assume ownership of all working capital, cash, accounts receivable, books, records, files, maps, and other rights, obligations, accounts payable, assets, agreements and privileges pertaining to the property owned, used or derived by the Palau National Government or the Palau Water and Sewer Corporation for the provision of water and waste water services prior to the commencement of this Act.

(d) On the effective date of this Act all water and waste water facilities, installations, premises, equipment, and related property of the Palau National Government or the Palau Water and Sewer Corporation that has been used for or in connection with the operation of water and waste water systems and the provision of water and waste water services prior to the commencement of this Act shall be transferred to PPUC.

(e) Subject to subsection (f), the liabilities of the Palau National Government and the Palau Water and Sewer Corporation shall not transfer to PPUC. Subject to subsection (f), all liabilities of the Palau National Government and the Palau Water and Sewer Corporation that are related to the water and waste water operations of the Republic shall be deemed to be debts of the national government.

(f) As set forth in the loan agreement with the Asian Development Bank, the government is required to provide a grant of up to two million six hundred thousand dollars (\$2,600,000) and a loan of up to six million dollars (\$6,000,000) to PPUC as a part of the financing arrangement in budgetary support of the transfer of the water and waste water operations to an independent entity. Any amount of funds provided as a loan to PPUC that is provided to PPUC pursuant to this subsection and the loan agreements shall be the sole liability that transfers to PPUC following the effective date of this Act.

(g) The President shall appoint a Transition Committee to oversee the transition and transfer process set forth in this Section. The Committee shall include one (1) person from the Bureau of Public Works, one person (1) from the Palau Water and Sewer Corporation, one (1) person from Palau Public Utilities Corporation, and one (1) person with experience in inventory and the transfer of assets and shall execute a memorandum of understanding to document the transfer of assets, liabilities, and employees from the Palau Water and Sewer Corporation, the water and waste water operations of the Bureau of Public Works, and the Rural Sanitation Office to PPUC.

Source
RPPL 9-4 § 6, modified.

§ 418. Severability.

If any provision of this chapter is found to be invalid or unconstitutional by a court of competent jurisdiction, then the offending part or portions may be severed from the rest of the bill and the remaining parts or portions shall continue in full force and effect.

Source
RPPL 9-4 § 7, modified.

PALAU PUBLIC UTILITIES CORPORATION 37 PNCA § 419

§ 419. Palau Energy and Water Administration as energy, water, and waste water regulator.

The Palau Energy and Water Administration shall have sole regulatory authority in the areas of energy production, water and waste water production, purchase, and sale, as further established in chapters 6 and 7 of this Act. The PPUC shall have no authority to issue regulations governing energy production, water and waste water production, and any existing regulations governing energy production, and water and waste water production, shall be rendered void upon the promulgation of regulations by PEWA.

Source

RPPL 10-23 § 2. Amended by RPPL 11-18 § 2.

Chapter 5
Underground Utility Damage Prevention Act

- § 501. Definitions.
- § 502. Excavation and demolition permits.
- § 503. Prohibition.
- § 504. Notice of intent to excavate or demolish.
- § 505. Response to notice of intent to excavate or demolish.
- § 506. Emergency excavation or demolition.
- § 507. Precautions to avoid damage.
- § 508. Excavation or demolition damage.
- § 509. Damages; cost of repairing.
- § 510. Civil penalties.
- § 511. Financial responsibility for relocating underground utilities on private property.

§ 501. Definitions.

As used in this chapter:

- (a) “Damage” means substantial weakening, penetration or destruction.
- (b) “Demolish” or “demolition” means any operation by which a structure or mass material is wrecked, razed, rendered, moved or removed by means of any tools, equipment or discharge of explosives.
- (c) “Excavate” or “excavation” means an operation for the purpose of the movement or removal of earth, rock or other materials in or on the ground or under the water, including underwater dredging, by use of hand operated or mechanized equipment or by discharge of explosives, including auguring, backfilling, digging, ditching, drilling, grading, plowing-in, pulling-in, ripping, scraping, trenching and tunneling, but does not include the tilling of soil to a depth of less than eighteen (18) inches.
- (d) “Mechanized equipment” means equipment operated by means of mechanized power, including trenchers, bulldozers, power shovels, augers, backhoes, scrapers, drills, cable and pipe plows and other equipment used for plow-in cable or pipe.
- (e) “Operator” means the agencies responsible for operating the public utilities of the Republic of Palau, specifically the Ministry of Public Infrastructure and Industries of the

UNDERGROUND UTILITY DAMAGE PREVENTION ACT 37 PNCA § 503

Republic of Palau, the Palau Public Utilities Corporation, and the Palau National Communications Corporation.

(f) “Person” means any individual, corporation, partnership, association or any other entity organized under the laws of the Republic of Palau.

(g) “Utility” means any line, system, pole, substation, transformer, or facility used for producing, storing, conveying, transmitting or distributing communications, electricity, water or sewage; or any protective coating, housing or other protective device associated therewith.

(h) “Working day” means every day except Saturday, Sunday, and national holidays.

(i) “Underground utility” means any utility located below the surface of the ground, or any marine cable or other utility located underwater.

Source

RPPL 5-39 § 2, modified. Amended by RPPL 11-7 § 18.

§ 502. Excavation and demolition permits.

A permit issued pursuant to law, authorizing excavation or demolition operations, shall not relieve a person from the responsibility of complying with the provisions of this chapter.

Source

RPPL 5-39 § 3, modified.

§ 503. Prohibition.

Except as otherwise provided in this chapter, no person may demolish a building or excavate: (1) in a street or highway or within five feet of the edge of any street or highway; (2) in a public space; (3) on a private easement of any operator; (4) within 5 feet of a utility installed on the premises of a customer served by such utility; (5) within the territorial sea or internal waters of the Republic; without having first ascertained from the appropriate operator, in the manner provided for in this chapter, the location of all known underground utilities that would be affected by the proposed excavation or demolition.

Source

RPPL 5-39 § 4, modified.

§ 504. Notice of intent to excavate or demolish.

(a) Except as provided in section 506, before commencing any excavation or demolition operation covered by this chapter, each person responsible for the excavation or demolition shall serve written notice of intent to excavate or demolish on all operators. The written notice shall be served by personal service at least eight (8) but not more than twelve (12) full working days in advance of the proposed excavation or demolition. The written notice shall contain the name, address and telephone number of the person filing the notice of intent and, if different, the person responsible for the excavation or demolition operation to be conducted, the exact location of the proposed excavation or demolition, and whether explosives are to be used.

(b) Within ten (10) days of the effective date of this chapter, the operators shall jointly design, and make available in their respective offices, a standard form for persons to provide the written notice required by this section.

Source

RPPL 5-39 § 5, modified.

§ 505. Response to notice of intent to excavate or demolish.

(a) Each operator notified in accordance with section 504 shall, not less than three (3) working days in advance of the proposed excavation or demolition (unless a shorter period is provided by agreement between the person responsible for the excavation or demolition and the operator), supply, by use of maps when appropriate, the following information to the person responsible for the excavation or demolition:

- (1) The approximate location and description of all of its underground utilities which may be damaged as a result of the excavation or demolition.
- (2) The location and description of all utility markers indicating the approximate location of the underground utilities.
- (3) Adequate temporary markings indicating the approximate location of underground utilities in locations where permanent utility markers do not exist.
- (4) Any other information that would assist that person in locating and thereby avoiding damage to the underground utilities.

UNDERGROUND UTILITY DAMAGE PREVENTION ACT 37 PNCA § 507

(b) At the written request of the person responsible for the excavation or demolition, the appropriate operator shall assign a representative to visit the excavation or demolition site to assist the person in accurately identifying the location of the utility.

(c) If, in response to a notice that complies with section 504, the appropriate operator fails to provide the information required by this section within the time limits set forth in this section, or is unable to provide the approximate location and description of all of its underground utilities which may be damaged as a result of the excavation or demolition, the person responsible for the excavation or demolition may proceed with his proposed project, and the operator shall bear the full cost of repairing any underground utility that is damaged as result of its failure or inability to provide such information.

Source

RPPL 5-39 § 6, modified.

§ 506. Emergency excavation or demolition.

Compliance with the notice requirement of section 504 is not required of any person responsible for emergency excavation or demolition to ameliorate imminent danger to life, health or property; provided, that those persons shall give, as soon as practicable, oral notice of the emergency excavation or demolition to each operator and shall request emergency assistance from each operator in locating and providing immediate protection to its underground utilities.

Source

RPPL 5-39 § 7, modified.

§ 507. Precautions to avoid damage.

Each person responsible for any excavation or demolition covered by this chapter shall, with respect to any utility, the location of which the operator has provided to the person pursuant to this chapter:

(a) Plan the excavation or demolition so as to avoid damage to or minimize interference with any utility in or near the construction area.

(b) Maintain a clearance between any utility and the cutting edge or point of any mechanized equipment, taking into account the known limit of controlling such cutting edge or point, as may be reasonably necessary to avoid damage to the utility.

(c) Provide support for any utility in or near the construction area, including during backfill operations, as may be reasonable for the protection of the utility.

Source

RPPL 5-39 § 8, modified.

§ 508. Excavation or demolition damage.

Each person responsible for any excavation or demolition that results in any damage to a utility shall, within four (4) hours of discovering that damage, notify the operator of the utility of the location and nature of the damage and shall allow the operator reasonable time to accomplish necessary repairs before completing the excavation or demolition in the immediate area of the utility.

Source

RPPL 5-39 § 9, modified.

§ 509. Damages; cost of repairing.

Any person who, due to his negligence or his failure to comply with any provision of this chapter, damages a utility shall pay for all costs incurred by the appropriate operator to restore the utility to its original condition plus compensatory damages to the operator for loss of any revenue.

Source

RPPL 5-39 § 10, modified.

§ 510. Civil penalties.

In addition to the costs of repair, any person who violates any provision of this chapter shall be subject to a civil penalty, not to exceed five thousand dollars (\$5,000), for each violation. Actions to recover the penalty provided for in this section may be brought by the Attorney General at the request of the appropriate operator, or by the operator itself. All penalties recovered in any such action shall be paid into the appropriate operator's account. This chapter does not affect any civil remedies for personal injury or property damage.

Source

RPPL 5-39 § 11, modified.

UNDERGROUND UTILITY DAMAGE PREVENTION ACT 37 PNCA § 511

§ 511. Financial responsibility for relocating underground utilities on private property.

Except as otherwise expressly provided for by contract, where a proposed construction project by a private property owner requires the relocation of an underground utility located on the owner's property, the operator owning the utility shall bear the full cost of relocating the utility to a location that will not interfere with the construction project.

Source
RPPL 5-39 § 12.

Chapter 6
Palau Net Metering Act of 2009

- § 601. Short title.
- § 602. Definitions.
- § 603. Metering.
- § 604. Implementation of this chapter by PPUC.
- § 605. Total capacity.
- § 606. Regulations.

§ 601. Short title.

This chapter shall be known as the “Palau Net Metering Act of 2009.”

Source

RPPL 8-39 § 3, modified.

Notes

All references to “P.P.U.C.” in this chapter are hereby amended to read “PPUC” as per RPPL 9-4 § 5.

§ 602. Definitions.

As used in this chapter:

(a) “Average fuel cost for energy delivery” is defined as the average cost of the fuel and lubricating oil used to generate one kilowatt-hour of electricity during the net metering time period. The average cost is determined by dividing the total cost of fuel and lubricating oil used by the PPUC during the net metering time period by the total kilowatt-hours sold to all customers during that same net metering time period. For customers who are classified as net metering customers, but who are not connected for net metering measuring for a full twelve (12) month net metering time period, the average fuel cost for energy delivery for those customers shall be that of the twelve (12) month net metering time period within which the partial year of connection falls.

(b) “Eligible customer-generator” means a residential, commercial, government, or industrial customer of the PPUC, who uses renewable energy sources for the generation of electricity, is connected to the PPUC grid, and may have the capability to send electricity into the PPUC grid.

(c) “Net-metering amount” is defined as the difference between the electrical energy flowing from the PPUC grid into a customer’s premises and the electrical energy flowing from the customer’s premises into the PPUC grid over a twelve (12) month net metering time period. Depending upon the conditions that prevail at the premises, the net metering amount may represent either: a net energy flow from the grid to the premises, in which case a charge is made to the customer for that energy; or a net energy flow from the premises to the grid, in which case a credit is provided to the customer for that energy.

(d) “Net energy metering” means measuring the difference between the electricity supplied to a customer through the electricity grid and the electricity generated by an eligible customer-generator that is fed back to the electric grid over a twelve (12) month period. The net energy metering measurement shall be accomplished using a single meter or a set of meters capable of registering the flow of electricity both into and out of the electricity grid from the customer’s premises.

(e) “Net metering system” means a facility for the generation of electricity that-

- (1) is connected to the PPUC electric distribution system;
- (2) is intended primarily to offset the customer’s own electricity requirements;
- (3) is located on the premises owned or operated by the customer;
- (4) employs a renewable energy source as defined in subsection (g) of this section; and
- (5) is smaller than five (5) kW maximum generation for a residential installation, except where PPUC specially approves a larger size for connection to the net metering grid; however,
- (6) for a commercial or industrial installation, the facility may not generate in excess of the maximum kilowatt demand for the site unless a larger size is specially approved by the PPUC for connection.

(f) “Net metering time period” is defined as the designated twelve (12) month period during which the PPUC measures the net amount of kilowatt-hours to be billed or credited at a customer’s premises. The time period is to be designated by the PPUC and shall be the same for all customers.

(g) “Renewable energy source” is specifically defined within this chapter to include energy derived from solar power, water power, or wind power. Any other forms of renewable energy may be permitted by the PPUC on a case by case basis upon application by a customer, through Executive Order, or through amendment of this chapter.

Source

RPPL 8-39 § 4, modified.

§ 603. Metering.

Consistent with the other provisions of this chapter, electric energy measurement for net metering systems shall be calculated in the following manner:

- (a) The PPUC shall measure the net electricity produced or consumed during the customer’s billing period using either multiple meters or a single meter designed for net metering use.
- (b) Where the electricity supplied by the electric company exceeds the electricity generated by the customer’s renewable energy system that is fed into the electric distribution system during the billing period, then the customer shall be billed for the net electricity supplied by the electric company, in accordance with normal metering practices.
- (c) Where electricity generated by the customer exceeds the electricity supplied by the electric company, the customer shall be credited for the excess kilowatt-hours generated at the applicable tariff(s) to be adopted by the PEWA pursuant to applicable regulations, during the billing period with this kilowatt-hour credit shown on the following month’s bill as an offset for kilowatt-hours supplied from the grid for that month.

Source

RPPL 8-39 § 5, modified. Subsection (c) amended by RPPL 10-23 § 3. Subsection (c) amended by RPPL 11-18 § 3.

§ 604. Implementation of this chapter by PPUC.

The PPUC:

- (a) shall develop a standard contract providing for net energy and water metering, which shall adhere to any applicable rules, guidelines, and regulations set forth by the Palau

Energy and Water Administration, and shall, upon request, make this contract available to eligible customer-generators;

(b) shall use appropriate technical standards for grid connection of renewable energy systems, pursuant to any applicable rules, guidelines, and regulations set by the Palau Energy and Water Administration, and inspect and provide a license for those renewable energy installations that meet the technical standards developed by PPUC and the other provisions of this chapter. Issuance of a license shall be solely to show that the PPUC has approved the interconnection of the customer's renewable energy system and the PPUC grid and shall not be interpreted to impose liability or approval by the PPUC for any part of the renewable energy system, its design, or its method of implementation. The technical standards imposed will be based solely on those necessary to ensure the safety of PPUC personnel and for the maintenance of PPUC power quality. Standards and technical requirements shall be consistent with existing technical practices for similar types of installations in the United States, Australia, or the European Union.

(1) A licensee shall inform the PPUC of any proposed technical changes to the renewable energy system that affects either the maximum power output or the components that provide the interconnection between the renewable energy system and the PPUC grid and will, under the licensing agreement, not make those changes without PPUC approval.

(2) The failure of a licensee to promptly inform the PPUC in writing of any technical changes to the renewable energy system that affects any of the above may, at the PPUC discretion, result in a fine of not more than two hundred dollars (\$200).

(c) shall, at its own-expense, make available to each of its eligible customer generators who have installed a net metering system, the meter (or set of meters) that is needed to determine the net flow of electricity, both into and out of the electricity grid;

(d) shall, at its own expense, annually inspect grid-connected renewable energy installations to ensure that unauthorized changes have not been made and to ensure that the grid interconnection arrangements remain adequate for maintaining safety and power quality.

(e) shall not charge the customer any additional standby, capacity, interconnection, or other fee or charge that is greater than such fees charged to all members of that customer class; and

(f) may, at its own expense and with the written consent of the customer, install one or more additional meters to monitor the flow of electricity in each direction. The additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator or to collect renewable energy generating system performance information for research purposes.

Source

RPPL 8-39 § 6, modified. Subsections (a) and (b) amended by RPPL 10-23 § 3, modified. Subsections (a) and (b) amended by RPPL 11-18 § 3.

§ 605. Total capacity.

The PEWA shall by regulation establish a maximum limit for the installed capacity of net metered renewable energy systems connected to the PPUC grid for each system of renewable energy technology and for residential and commercial classes. The limit set shall be reviewed every two (2) years by the PEWA with a view to both accelerating deployment of renewable energy and maintaining the financial viability of the PPUC, and shall be adjusted as necessary in accordance with changes in renewable energy technologies and in accordance with the current operating conditions of the PPUC. The PPUC shall advise the PEWA regarding its current operating conditions and financial viability during the maximum limit review and shall provide any recommendations for preferred maximum limit.

Source

RPPL 8-39 § 7, modified. Amended by RPPL 10-23 § 3. Amended by RPPL 11-18 § 3.

§ 606. Regulations.

Within one hundred and eighty (180) days of the effective date of the amendment of this Title, the Palau Energy and Water Administration shall promulgate rules and regulations necessary or appropriate to effectuate the provisions of this chapter. Such regulations shall be exempt from the notice and hearing requirements set forth in 37 PNC § 413(a), and shall be promulgated in accordance with the Administrative Procedures Act, 6 PNC Chapter 1. Such rules and regulations shall have the force and effect of law.

Source

RPPL 8-39 § 8, modified. Amended by RPPL 10-23 § 3, modified. Amended by RPPL 11-18 § 3.

Notes

Effective date of RPPL 10-23 is April 17, 2018.

**Chapter 7
Palau Energy Act**

- § 701. Short title.
- § 702. Intent and purpose.
- § 703. Definitions.
- § 704. Palau Energy and Water Administration; establishment, duties and powers.
- § 705. National Energy Policy.
- § 706. Palau Annual Energy Report.
- § 707. Independent Power Producers.
- § 708. Electricity, Water, and Waste water tariffs.
- § 709. Energy efficiency.
- § 710. National Water and Sewage Policy (NWSP).
- § 711. Independent Review.

§ 701. Short title.

This chapter will be known and may be cited as the “Palau Energy Act of 2015”.

Source

RPPL 9-54 § 2 [701], modified.

§ 702. Intent and purpose.

The intent and purpose of this chapter is to establish a comprehensive national framework to improve energy security by diversifying the supply of energy to the people of Palau, including renewable-energy, to provide for the regulation of the water and waste water sector, and to promote progressive policy development and implementation by a more robust, cost-effective, and efficient Palau Energy and Water Administration.

Source

RPPL 9-54 § 2 [702], modified. Amended by RPPL 11-18 § 4.

§ 703. Definitions.

In this chapter:

- (a) “Central electricity grid” means the electricity infrastructure that is operated by the Palau Public Utilities Corporation for the purpose of supplying electricity to customers in Koror, Babeldaob, Iouldaob, and the outer islands.
- (b) “Palau Energy and Water Administration” or “PEWA” means the key agency within the executive branch of the Government of Palau with responsibility for the regulation of the energy sector and the water and waste water sector.
- (c) “Energy Monitoring, Evaluation and Reporting Framework” or “EMER Framework” means the framework for monitoring, evaluating and reporting on the performance, progress and achievements of the Palau energy sector.
- (d) “National Energy Policy” or “NEP” means the policies that are developed and declared by the Government of Palau in relation to the energy sector. This includes relevant regional or international agreements that are adopted by the Government of Palau.
- (e) “Energy sector” means the Palau energy sector, including the infrastructure, stakeholders and institutions that are directly or indirectly involved in the importation, storage, transformation, delivery, and usage of energy resources and services.
- (f) “FAESP” means the Framework for Action on Energy Security in the Pacific: 2010 - 2020.
- (g) “Government green fleet efficiency standards” means the fuel emissions standards that the Energy Administration establishes for the fleets of relevant government agencies.
- (h) “Grid connection” means the process of generating electricity for the purpose of exporting it to the central electricity grid.
- (i) “Independent Power Producer” means a person or entity that enters into a commercial agreement (the Power Purchase Agreement) with PPUC for the supply of energy to the central electricity grid.
- (j) “Minister” means the Minister of Finance.
- (k) “PIFACC” means the Pacific Islands Framework for Action on Climate Change.

- (l) “Power Purchase Agreement” means a commercial agreement between an Independent Power Producer and PPUC that specifies the terms and conditions under which PPUC shall compensate the Independent Power Producer for exporting electricity to the central electricity grid, including the price PPUC will pay and the duration of the agreement.
- (m) “PPUC” means the Palau Public Utilities Corporation.
- (n) “President” means the President of the Republic of Palau.
- (o) “Renewable energy” means energy derived from renewable sources, such as solar power, water power, or wind power.
- (p) “Tourism marine vessel efficiency standards” means the fuel emissions standards that the Palau Energy and Water Administration establishes for marine vessels used by private tourism operators.
- (q) “UNFCCC” means the United Nations Framework Convention on Climate Change.
- (r) “Water and waste water sector” means the Palau water and waste water sector, including the infrastructure, stakeholders and institutions that are directly or indirectly involved in the importation, storage, treatment, distribution, processing, and usage of water and waste water resources and services.

Source

RPPL 9-54 § 2 [703]. Subsections (b) amended by RPPL 10-23 § 4. Subsections (b), (j) and (p) amended and subsection (r) added by RPPL 11-18 § 4.

§ 704. Palau Energy and Water Administration; establishment, duties and powers.

- (a) There is established the Palau Energy and Water Administration which shall:
- (1) be a separate entity within the Ministry of Finance;
 - (2) be responsible for the proper and effective administration of this chapter;
 - (3) report to the Minister on its key regulatory responsibilities; and
 - (4) promulgate standards, rules, or regulations for all matters related to energy

production, as defined in chapter 4, transmission, storage, and sale in the Republic of Palau, such as, but not limited to, establishing:

- (A) appropriate technical standards for grid connection of renewable-energy systems between the PPUC and any hotel or other Independent Power Producer;
- (B) other relevant grid connection standards, such as, but not limited to, procedures that ensure compliance with section 707(d) and (e);
- (C) rules and rates for net electricity metering, feed-in tariffs, capacity limits, and related rules;
- (D) procedures for approving or denying rate changes, and changes to total capacity, proposed by the PPUC;
- (E) standards related to the sale and purchase of oil, propane, and other fuel sources; and
- (F) minimum requirements for Power Purchase Agreements with hotels and any other Independent Power Producers.

(b) The general duties and powers of the PEWA are to:

- (1) monitor all energy, water, and waste water-related matters in the Republic and prepare the Palau Annual Energy Report, as specified by section 706 of this chapter;
- (2) provide advice on matters of energy, water, and waste water sector policy and implementation to the President, Minister, and any energy, water, and waste water-related institutions, including but not limited to PPUC;
- (3) facilitate energy-related grants in the energy sector;
- (4) educate the public concerning energy-related matters, as specified by section 709 of this chapter;
- (5) coordinate maintenance contracts for solar-facilities owned by the Government of Palau;

(6) regulate and establish electricity and service guidelines, including, but not limited to, those related to net metering, feed-in, and electricity tariff standards, and electrical standards for the power system and any renewable energy systems; and

(7) promulgate additional regulations as necessary to carry out the provisions of this chapter.

(c) The PEWA is responsible for reporting and coordinating with the relevant executive branch climate change office such energy-related climate change information as is specified by applicable international and regional initiatives to which the Government of Palau has made a commitment, including:

(1) PIFACC;

(2) FAESP; and

(3) UNFCCC.

(d) The PEWA is responsible for setting energy efficiency benchmarks for public utilities such as PPUC and for monitoring and reporting on their performance against such benchmarks.

(e) Standards, rules, and regulations established in compliance with this section shall be binding on any and all energy producers and generating bodies, including, but not limited to, the PPUC and any hotel or other Independent Power Producer.

Source

RPPL 9-54 § 2 [704], modified. Subsections (a) and (b) amended and subsection (e) added by RPPL 10-23 § 4, modified. Amended by RPPL 11-18 § 4, modified.

Notes

Paragraph (4) (A) thru (F) replaced (i) thru (vi) to conform to the standard code format.

§ 705. National Energy Policy.

(a) The PEWA will develop and disseminate the NEP. The objectives of the NEP are the delivery of clean, secure, and affordable energy within Palau, and to respond to the risks of climate change through adaptation and mitigation measures that enhance social and economic resilience and reduce greenhouse gas emissions from the energy sector.

(b) The PEWA will review and update the NEP on an ongoing basis through the EMER Framework. The key energy metrics of the EMER Framework are:

- (1) the Palau renewable energy target;
- (2) the Palau energy efficiency target;
- (3) FAESP energy security indicators;
- (4) Tourism marine vessel efficiency standards; and
- (5) the Government green fleet efficiency standards.

(c) The PEWA will make publicly available an updated version of the NEP on its official website.

Source

RPPL 9-54 § 2 [705], modified. Amended by RPPL 11-18 § 4.

§ 706. Palau Annual Energy Report.

(a) The PEWA shall support the development of the National Energy Policy through the preparation of a Palau Annual Energy Report that it must submit to the Minister, President, Senate, and House of Delegates by the 30th of September each year. The objectives of this report are to:

- (1) Report to the Minister, the President, the Senate and the House of Delegates on the key energy metrics covered under the EMER Framework; and
- (2) Promote private sector investment in Palau's energy sector by providing a range of information for Independent Power Producers.

(b) In reporting on the key energy metrics, the PEWA shall assess the following in the Annual Energy Report:

- (1) Technical and economic indicators relating to the existing deployment of renewable energy technologies;
- (2) Potential for additional renewable energy deployment, and ability to meet

the Palau renewable energy target;

(3) Progress toward the Palau energy efficiency target;

(4) The performance of the Republic of Palau under energy security indicators from FAESP;

(5) Progress toward the Government green fleet efficiency standards;

(6) The efficiency of marine vessels used by operators in the tourism industry; and

(7) Any other reporting areas specified by the Minister.

(c) The Annual Energy Report will include an assessment of the following:

(1) Existing energy infrastructure and the utilization of that infrastructure;

(2) A forecast of the future energy needs of the Republic of Palau;

(3) PPUC's and any other utilities' performance under energy, water, and waste water efficiency performance benchmarks set by the PEWA; and

(4) Any other dataset or information that is considered by the PEWA to be consistent with this objective.

(d) The PEWA shall make the Annual Energy Report publicly available.

Source

RPPL 9-54 § 2 [706]. Amended by RPPL 11-18 § 4.

§ 707. Independent Power Producers.

(a) The PEWA shall set standards for different categories of renewable-energy providers, and shall provide the information necessary for Independent Power Producers to participate in a solicited or unsolicited process whereby a proposal is made for the development of a renewable-energy project.

(b) Requests for proposals for renewable energy projects may be made by the PEWA or

PPUC. Unsolicited requests for grid connection for renewable energy projects must be made to both PPUC and the PEWA.

(c) The PEWA, in consultation with PPUC, shall establish and publish forms and guidelines for the submission and assessment of applications for grid connection. These guidelines shall address the following criteria:

- (1) Technical requirements;
- (2) Economic considerations;
- (3) Social considerations; and
- (4) Environmental factors.

(d) Grid connection with PPUC shall require the approval of the PPUC and the PEWA. Applications for grid connection shall first be reviewed by the PPUC. If the PPUC approves an application, the PPUC shall submit the application to the PEWA for approval, as required by section 408(a) of this Title. The PEWA shall approve or deny the application for grid connection and shall respond to PPUC within forty-five (45) days. PPUC shall communicate the final decision in writing to the applicant within sixty (60) days of the date PPUC submitted the application to PEWA for review.

(e) The PPUC may enter into a Grid Connection Agreement and Power Purchase Agreement after securing approval from the PEWA as required by section 408(b) of this Title.

(f) The PEWA or PPUC may work with an applicant to help the applicant satisfy the application guidelines for grid connection. The PEWA, in conducting its assessment of an application, may conduct a public consultation process.

(g) Upon entering into a Grid Connection Agreement and Power Purchase Agreement with a successful applicant, PPUC will issue the applicant a Generation License that contains:

- (1) A complete description of the technology involved, including the capacity, the fuel type, the expected output, and the proposed schedule; and
- (2) Proof of a Power Purchase Agreement and Grid Connection Agreement with

PPUC.

Source

RPPL 9-54 § 2 [707]. Subsection (d) and (e) amended by RPPL 10-23 § 4, modified. Subsections (a), (b), (c), (d), (e) and (f) amended by RPPL 11-18 § 4.

§ 708. Electricity, Water, and Waste water tariffs.

(a) The PEWA shall promulgate regulations under which it will review and approve or deny the PPUC's proposed electricity, water, and waste water tariff schedules and tariff formulas.

(b) Any change to the electricity, water, and waste water tariff schedules requires approval by the PEWA prior to implementation.

Source

RPPL 9-54 § 2 [708]. Amended by RPPL 10-23 § 4. Amended by RPPL 11-18 § 4.

§ 709. Energy efficiency.

(a) The PEWA will develop energy efficiency programs in accordance with the objectives of the National Energy Policy. In so doing, the PEWA shall:

(1) Develop and deliver business, community and residential programs which promote energy savings;

(2) Create education and public awareness programs about relevant energy issues related to the National Energy Policy; and

(3) Report the outcomes of these programs against the EMER Framework.

(b) In keeping with the objectives of the National Energy Policy, and in the interest of improving economic productivity, reducing localized pollution and curbing the emission of greenhouse gases, the PEWA shall:

(1) Introduce efficiency standards for the road and marine fleets of the Government of Palau; and

(2) Introduce efficiency standards for buses and marine vessels that are used in

private tourism enterprises, and for all other vehicles and vessels in the Republic.

Source

RPPL 9-54 § 2 [709]. Subsections (a) and (b) amended by RPPL 11-18 § 4.

§ 710. National Water and Sewage Policy (NWSP).

(a) The Palau Energy and Water Administration will develop and disseminate the NWSP. The objective of the NWSP is the delivery of clean, secure, and affordable water and sewage services within Palau.

(b) The Palau Energy and Water Administration will review and update the NWSP on an ongoing basis to be consistent with the United Nations' Sustainable Development Goal 6.

(c) The PEWA shall make the latest version NSWP publicly available on its official website at all times.

Source

RPPL 11-18 § 4.

§ 711. Independent review.

The Minister of Finance shall, in coordination with the Palau Energy and Water Administration, hire an independent third party to conduct a review of the performance and efficacy Of the Palau Energy and Water Administration. This review shall determine whether the PEWA should be dissolved or if the mission of the PEWA would be best accomplished through activities conducted by parties who are independent of the National Government of the Republic of Palau or a different government entity. The Minister of Finance shall report the findings of such review with a recommendation to the President of the Republic of Palau and the presiding officers of the Olbiil Era Kelulau within thirty (30) days of completing the review. The Minister of Finance shall arrange for such review to be conducted every five years after the effective date of this section.

Source

RPPL 11-18 § 4.