

 Early Warning System

ADB-59109-001

Power Reliability Improvement and Storage Management Project



Quick Facts

Countries	Palau
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Borrower	Government of Palau
Sectors	Energy, Infrastructure
Investment Type(s)	Grant, Loan
Investment Amount (USD)	\$ 10.00 million
Loan Amount (USD)	\$ 10.00 million



Project Description

As stated by the ADB, the project will install an estimated 6 MWh of battery energy storage and associated infrastructure for stable operation.

Palau is a small island developing state with a population of about 18,200, highly dependent on tourism and external grants, and particularly vulnerable to climate change and disasters, with annual losses estimated at 1.6% of GDP; as part of its climate commitments, it aims to significantly cut greenhouse gas emissions and increase renewable energy use. The country's electricity system managed by the Palau Public Utility Corporation (PPUC) relies heavily on diesel generation, resulting in high and volatile electricity costs, with fuel accounting for over 80% of generation and tariffs reaching \$0.506/kWh in 2024.

To support decarbonization and cost reduction, Palau commissioned a 15.2 MWp solar IPP with battery storage in 2024, but weak post-pandemic demand, take-or-pay obligations, and rapid growth in rooftop solar have led to significant curtailment and financial pressure on PPUC. These challenges are compounded by the absence of sufficient load-shifting battery capacity, an outdated and unreliable grid unable to smoothly integrate variable renewable energy, and the lack of advanced energy management and SCADA systems. Additionally, persistent capacity constraints within PPUC particularly in system planning, operations, and maintenance underscore the need for grid upgrades, storage solutions, and sustained workforce development to ensure reliable, affordable, and sustainable electricity supply.



Early Warning System Project Analysis

The ADB categorized the project E&S risks as follows:

- Environment - B
- Involuntary Resettlement - C
- Indigenous Peoples - C



Investment Description

- Asian Development Bank (ADB)

Information on the grant amount not provided at the time of disclosure.



Private Actors Description

As stated on the company's website, the Palau Public Utilities Corporation (PPUC) is a public corporation established to manage and operate the electrical power and the water and wastewater systems of the Republic of Palau.



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Palau Public Utilities Corporation (PPUC)	Contractor	Infrastructure



Contact Information

ADB Team Leader:

Len V. George

Email: lgeorge@adb.org

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.