



Marshall islands energy management

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"The Marshalls Energy Company is a semi-autonomous utility company responsible for the generation, distribution and sale of electricity on a number of islands and atolls within the Republic of the Marshall Islands."

The Marshalls Energy Company, Inc. (MEC) received a corporate charter from the Cabinet of the Republic of the Marshall Islands (RMI) on February 2, 1984. MEC primarily operates in electricity generation and distribution, as well as buying and selling petroleum products.

MEC's main markets for electricity are government agencies, businesses, and residential customers located in Majuro, Jaluit, and Wotje. The company primarily sells petroleum products to foreign and domestic fishing vessels.

MEC's articles of incorporation authorize the issuance of 100,000 shares valued at \$1 each. RMI owns 75,000 shares, while MEC retains the remaining 25,000.

On March 8, 1983, MEC was granted an exclusive franchise by the RMI to construct, maintain, and operate an electricity distribution system in Majuro Atoll. The RMI also leased a 12 Megawatt power plant, a 6 million gallon fuel storage facility, electrical distribution systems, and related facilities on Majuro Atoll to MEC for a fifty-year term starting from December 1996.

In November 1993, pursuant to a Cabinet Minute, the RMI leased the right for MEC to operate and manage the power generating and distribution system in Jaluit Atoll for a fifty-year term starting from December 1, 1996. In October 2000, through Cabinet action, MEC was contracted to develop, operate, and maintain power generation systems on Wotje Atoll.

Since around 2007, MEC has faced challenging times due to reduced working capital caused by Mobil Oil's decision to discontinue consignment fuel sales in 2004, along with significant increases in world fuel prices. These factors affected earnings from external fuel sales and power generation.

While utility revenue increased in 2007 and 2008, non-utility revenue, mainly from fuel sales, also increased. However, increased competition for sales on the high seas resulted in reduced gross margins.

In October 2005, the RMI Cabinet approved the Pricing Template, allowing MEC to adjust electricity tariffs in line with world oil price movements without seeking Cabinet approval. This has enabled MEC to increase electricity prices to cover higher fuel costs.

An assessment was conducted by the Department of Interior, Nelson and Associates, and the Asian



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Development Bank. While most of the objectives mentioned in the Recovery Plan have been accomplished, the rehabilitation of the MEC Tank Farm is still pending due to the unavailability of funds. The board and management of MEC will continue to look for funding in 2016 and beyond to ensure that all the goals mentioned in the Recovery Plan are achieved.

This revamped insignia is not merely a change in design but a declaration of MEC's strategic, financial, and ecological roadmap. It resonates with our duty to elevate our services and contribute positively to our environment.

Contact us for free full report

Web: <https://hollanddutchtours.nl/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

