

MEMO FOR CABINET MINISTERS REGARDING
EMERGENCY MEASURES TO TIDE OVER
THE DIFFICULT PERIOD UNTIL
THE NEW STATION IS COMMISSIONED

Honourable Ministers will recollect that, when discussing in Cabinet, a few weeks ago, the Chatillon load, it was agreed that, in order to avoid load shedding, the Manager Water and Electricity Department, in conjunction with the Chief Electrical Engineer, should approach the Naval Authorities for additional generating capacity beyond the agreed 4 M.W. and at the same time to write to the Consulting Engineers asking for their advice on the cheapest method to provide emergency generating capacity until the new Station was commissioned. It will also be recollected that, following a Cabinet decision on the supply to the Chatillon Factory, the Department had written to Messrs. Chatillon guaranteeing continuity of supply as from the date of production **saving a break-down** occurring on the system as a whole.

The Manager, Water and Electricity Department, as directed, approached the Naval Authorities and after careful investigation he is in a position to report that he is satisfied that the Naval Authorities cannot come to our assistance beyond the 4 M.W. promised during peak periods. The Manager also wrote to the Consulting Engineers who, in the first instance, suggested the purchase of one base load gas turbine of 5 M.W. capacity and one peak load gas turbine of 3 M.W. capacity at a total cost of £465,000. The Chief Electrical Engineer did not agree with the Consultants that a total of 8 M.W. would be required to tide over the interim period. From information in his possession he advised that 5/6 M.W. would be sufficient. He also pointed out that, in his opinion, the cheapest emergency measure we can take to meet the situation is the hiring of ship borne generating plant of 4/5 M.W. capacity and the installation of 1 M.W. diesel plant in Gozo to relieve the main system during the peak periods from the Gozo demand. Such measure,

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however, would mean an additional expenditure to the Malta Electricity Board of £85,000 of which £16,000 would be recoverable in the way of sales of current.

Honourable Members will agree that the Board, who is already saddled with the payment of debentures to Government and capital charges to the World Bank, would not be justified to incur this additional expenditure; nor would, it is thought, the World Bank agree to this as this would upset the operating ratio included in the draft agreement with the World Bank. Ministers, however, may as a matter of policy and especially on the eve of Independence and in order not to discourage prospective industrialists do all that is possible to avoid load shedding. The Manager, Water and Electricity Department again wrote back to the Consultants who then agreed that the 5/6 M.W. generating capacity would be sufficient to meet the interim requirements. They also agreed that the ship borne plant is the cheapest emergency measure but, on investigations, they found that this was no longer procurable. When writing to the Consultants the Manager enquired whether it was possible, through the assistance of the World Bank, to obtain financial help in part or in whole from the United Nations to cover the expenditure connected with this interim measure. The Consultants, however, replied that there would be no possibility whatsoever of obtaining any financial help from the United Nations. They also advised in strong terms that the World Bank should be informed of the position as soon as ever possible even though a final decision is not reached and agreed that it would be politic to discuss the matter during Mr. White's visit to Malta on the 3rd September next. Finally the Consultants advised the purchase of a 5 M.W. base load gas turbine at a total cost of £330,000.

The Manager, Water and Electricity Department considers that, should Government decide not to shed load as a matter of policy, the Malta

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Electricity Board should not be called upon to subsidize this measure which, taken on its own and viewed as a business proposition is not an economical venture; in fact any means whether permanent or provisional to augment the generating capacity to meet the maximum demand will be uneconomical and therefore it is cheaper to shed load. However, Government may consider that a not too expensive form of additional generating capacity will not only help to meet the estimated maximum demand during 1964/65 but also to avoid load shedding during the day in the event of plant outage in the existing Power Station.

It is, therefore, for consideration of Ministers whether, in view of the forthcoming visit to Washington of the Hon. Prime Minister this matter could be extensively discussed with the World Bank people and their advice and help sought before a policy decision is taken as to whether load shedding should be resorted to or additional expenditure to the tune of £330,000 be spent.

23rd August, 1963.
