

ORAL ANSWERS TO QUESTIONS

ELECTRICITY PRODUCTION - COAL AND WASTE

The Leader of the Opposition (Mr N. Bodha) (*By Private Notice*) asked the Minister of Public Utilities whether, in regard to the production of electricity from coal and waste in the near future, he will, in each case, state-

- (a) the technologies which are being considered;
- (b) the projects which have been approved and in respect of which agreements have been reached;
- (c) the financial implications for the public sector, and
- (d) the environmental implications.

Dr. Kasenally: Mr Deputy Speaker, Sir, the House would recall that in reply to a PNQ on 22 May 2007, I informed the House of project proposals that are being considered to meet the future electricity demand up to the horizon 2013.

These proposals include coal-fired plants, coal-bagasse fired plants and a waste-to-energy power plant.

Regarding part (a) of the PNQ, I am informed by the CEB that for the coal project by CT Power Ltd at Pointe aux Caves, the technology proposed by the promoter for both units of 55 MW for each is the pulverized coal technology. This technology is a well proven one for having been safely used in industrialised countries since more than half of a century.

This technology is to be distinguished from the “Spreader Stoker” technology currently used in Mauritius since 1985 for bagasse-coal plants. I dare add here that the pulverized coal technology is like a cleaner, it is less polluting than the “Spreader Stoker” technology which is currently used.

As regards the waste-to-energy project the promoter Gamma-Covanta is contemplating a dedicated “mass burn” boiler with an inclined “Martin grate” which is a well proven technology for the waste incineration

worldwide. I am informed that a similar plant has already been implemented in insular configuration in the Caribbean belt, and is also being contemplated for use in Réunion Island.

As for part (b) of the question, I would again refer to the reply which I made to the PNQ two weeks back. Two Letters of Intent have been issued one each to (Mauritius) CT Power Ltd and to Gamma Covanta by BOI and one Letter of Intent to *Compagnie Thermique de Savannah* by the Central Electricity Board. On the basis of these Letters of Intent, discussions between the promoters and the CEB have started and are ongoing. No agreement whatsoever has been reached.

In respect to the CT Power Project, in fact, a team of two Engineers of the CEB, accompanied by an EDF Consultant, are presently visiting two similar plants in Shanghai, China and Malaysia to assess the technical soundness, reliability and standards of Chinese based equipment.

Apart from these three projects, the following two projects have been identified in the outline of the National Energy Policy which takes into account the ongoing Sugar Sector Reform.

A 22 MW plant has been approved at FUEL which will supply only 20 MW during the crop season. However the installed capacity of this plant would be around 35 MW as the difference in power would be used to supply energy to the milling factory and the distillery tentatively to be commissioned in year 2009. The commissioning of this plant is however subject to the plant at Beau Champs closing down as well.

A 21 MW capacity plant at Medine which will supply only 15 MW during the crop season, will be commissioned tentatively in 2011/2012 depending on demand for electricity. However, the installed capacity of this plant at Medine would be around 35 MW.

Regarding part (c) of the question, it is too early to assess the financial implications as no agreement - I repeat, no agreement - has been reached on the terms and conditions of the proposed Power Purchase Agreements. No discussions have yet taken place on the pricing elements for the CT Power project as the technical features, which have a bearing on costs, are still under discussions. The reasonableness of the various cost components associated with the project are being assessed by an EDF Consultant, whose

services have been hired by CEB. The Report of the Consultant is still being awaited.

Similarly for the waste-to-energy project, a full assessment of the financial implications has not yet been carried out. BOI has appointed Messrs Ramboll Danmark A/S, a company specialised in waste-to-energy projects, to undertake a detailed study of the project proposal from Gamma-Covanta. The study will cover the overall financial impact of the setting up of this waste-to-energy plant. I am informed by the BOI that the report of the Consultant is expected by the end of July 2007.

As for the CTSav project, the CEB is still in the process of clearly and precisely defining the project parameters. It would, therefore, be premature at this stage for the CEB to pronounce itself on the financial implications.

In respect of part (d), I am advised as follows -

- (i) the promoters for the waste-to-energy project filed in an application for an EIA licence on 23 February, 2007;
- (ii) the (Mauritius) CT Power Co Ltd applied for an EIA licence on 06 April, 2007, and
- (iii) the promoter for CTSav 3 has not yet submitted its application for an EIA licence.

I am also advised that statutory procedures are being followed and the two applications have not yet been determined.

Besides, I would wish to inform the House that the scope of the Consultant who has been appointed by the Board of Investment for the waste-to-energy project has been designed in such a way that the Consultant has to address environmental issues as well.

The Consultant's findings will be an additional input for the Environment Impact Assessment Committee to formulate its recommendations "par rapport" to the application.

I can assure the House that the CEB will not enter into any agreement with any of the promoters if their projects are not duly and strongly supported by an EIA licence which can stand any challenge.

Mr Bodha: Mr Deputy Speaker, Sir, allow me, before asking the question, to wish you many happy returns of the day.

(Applause)

The Deputy Speaker: Thank you, hon. Leader of the Opposition.

Mr Bodha : On m'apprend que l'honorable Jhugroo célèbre aussi son anniversaire aujourd'hui et je vais, donc, lui souhaiter un très bon anniversaire.

Mr Bodha: May I ask my first question, Mr Deputy Speaker, Sir, relating to the answer that the hon. Minister gave to the PNQ I put a few days back, wherein he stated –

“Mr Speaker Sir, I wish to inform the House that, at a certain point in time, reckoning with the proposed reform of the sugar industry focusing on the optimisation of bagasse, room had to be created for accommodating power plants from the sugar industry. To do so, the CEB requested the (Mauritius) CT Power Ltd to downsize its proposal as this would allow the CEB to take on board the capacity of the sugar industry to add new plants to burn bagasse.”

My question is: whether this statement and what has been said today is not incompatible with the statement which was made in the Energy Action Plan, where it is said that the core of our electricity production will be based on coal bagasse in the context of the sugar reform?

Dr. Kasenally: Not at all, Mr Deputy Speaker, Sir! In fact, if we look at the scenario that is happening in the world of energy and the reform of the sugar sector, I said that, according to our policy, we are going to use bagasse optimally. There were demands for more and more capacity by the sugar sector, but Government has examined all the proposals and we are going for an optimal use of bagasse, which means that we are going to use ratio of bagasse/coal 1:1 instead of 2:1. In the previous scenario, as we have said, the CT power requested a three times fifty. But as the sugar sector was more interested in getting into the energy sector, which they found to be a saviour for the future of the sugar industry, Government had to consider requests for more capacity from the sugar sector, but on the proviso that they use bagasse optimally. Therefore, it is in this context that we have given CTsav 3 an extra 25 megawatts capacity for which we are going to

buy electricity of 15 megawatts from it and then there is also FUEL. Therefore, I see no inconsistency at all.

Mr Bodha: There is an inconsistency, Mr Deputy Speaker, Sir. Can the hon. Minister say what is the maximum capacity of the coal/bagasse plants in the near future? And the second part of the question is: whether we should not have started with that maximum capacity before allocating Letters of Intent to unsolicited bids?

(Interruptions)

Dr. Kasenally: Mr Deputy Speaker, Sir, I

(Interruptions)

The Deputy Speaker: Order! Order! I said, order!

Dr. Kasenally: Mr Deputy Speaker, Sir, I think the hon. Leader of the Opposition should look back at what happened in the previous years when only coal plant too was preferred at that time. At that very time, they could have requested for a coal/bagasse plant, and this is the problem which they have caused.

(Interruptions)

Of course, we are going to use it maximally. There is no problem about that, because, as I said, the supply and demand is very dynamic. We don't know in two or three years' time how much it is going to be. Of course, we can project, but while hoping for the best, we must be prepared for the worst scenario because this Government does not want, under any circumstances, this country to go on outages, that is, blackout.

Mr Bodha: Mr Deputy Speaker, Sir, may I ask the hon. Minister why is it that unsolicited bids were considered and Letters of Intent granted when Government was not fixed on the maximum capacity of the coal/bagasse plants?

(Interruptions)

Dr. Kasenally: I think I'll rewind the speech which I made last week to say again that there is...

The Deputy Speaker: I am sorry to interrupt the hon. Minister. Hon. Dulull, you have to stop somewhere. I am warning you for this day. I won't warn you again!

(Interruptions)

Hon. Bhagwan! Order! Order, I said! Hon. Bhagwan! Please proceed, hon. Minister!

Dr. Kasenally: Mr Deputy Speaker, Sir, could I indulge on the patience of the hon. Leader of the Opposition to put his question again? Because in this brouhaha I have lost the thread.

Mr Bodha: Let me come to another question, Mr Deputy Speaker, Sir. Let me come to the Gamma-Civic/Covanta project. May I ask the hon. Minister whether, after the Letter of Intent was granted on 05 May 2006, there was another letter from the BOI dated 29 September 2006, confirming that Government had agreed to an allocation of almost 1,000 tonnes of solid waste per day to Gamma-Civic as from 2009?

Dr. Kasenally: Mr Deputy Speaker, Sir, I'll take both issues which the hon. Leader of the Opposition has taken. As far as the unsolicited bids and the Letter of Intent by the BOI are concerned, I said it, and I am going to repeat it, that the policy of this Government is to attract Foreign Direct Investment and, in this context, bids were coming to the BOI which set up its Technical Committee and then recommended these two projects to the High-Powered Committee - the Fast Tract Committee of Government, presided over by the hon. Prime Minister.

Subsequently, the projects were fully vetted again by the BOI, and then recommended to the Cabinet which approved both projects.

The Letter of Intent is only a letter for them to go and discuss with the various stakeholders. As far as CT Power is concerned, it went straight to the CEB. As far as Covanta is concerned, it is a waste to energy project. I would remind the House that the energy component is only an offshoot, but the most important aspect of this is the waste incineration, and this involves

not only my Ministry, but also the Ministry of Local Government and the Ministry of Environment. Therefore, as far as the waste component is concerned, I will not be in a position to give precise information to the House on that matter. This could be put in a substantive question to my colleague, the hon. Minister of Local Government.

Mr Bodha: Mr Deputy Speaker, Sir, the whole issue, is the sequencing of events. There is a Letter of Intent and they have an unsolicited bid. Is this how the philosophy of this Government to have transparency is shown?

(Interruptions)

And then the project is allocated. My question is very simple. My question was: is there a commitment of Government dated 29 September 2006, whereby almost 1,000 tonnes of waste are going to be supplied to Gamma-Civic as from 2009? Mr Deputy Speaker, Sir, the hon. Minister is saying that nothing has been finalized.

(Interruptions)

The Deputy Speaker: Let the hon. Minister reply!

Dr. Kasenally: Of course, Mr Deputy Speaker, Sir, we have to provide waste, otherwise there would be no waste to energy. This is logical. Perhaps my colleague, the hon. Minister of Local Government, will give more details about it. In fact, there are two components of the waste. Mare Chicose is reaching its end and it is going to be a potential environmental hazard. Therefore, in this context, Government has got its policy of dealing with the waste. One of it is waste to energy and the other one is compost. And, of course, there must be an apportionment. Actually, there was a Committee that determined the calorific value of the waste and also the apportionment of waste to compost and waste to energy. If Government does not give a guarantee, how are they going to start a project? Having said that, we have to bear in mind that the waste that we are going to produce is going to increase over the years. As there is economic development with the arrival of tourists, waste component will be increasing. Who knows, we may well have a second waste to energy plant to cope with the excess waste.

Mr Bodha: Mr Deputy Speaker, Sir, the hon. Minister is very vague. He is saying there is an agreement. Earlier he said : “we will not agree to anything until everything has been decided.” We have 400,000 tonnes of waste every year and two Letters of Intent have already been given by this Government to two plants which will compost 100,000 tonnes, which means that 300,000 are going to be incinerated in the waste to energy project. May I ask the hon. Minister whether a tipping fee of \$39 per tonne has been proposed to Government, and how Government is going to assess the value of that tipping fee?

Dr. Kasenally: Mr Deputy Speaker, Sir, as far as the tipping fee is concerned, this is not the problem of the CEB but, however, there is a Committee which has been set up by the BOI. There is a consultant who has been appointed and he is going to look at the overall aspect of this project, whether it is the electricity and the cost of dealing with the waste. And, as I said again, nothing has been finalised. I said it last time, and I’ll repeat it, the pricing mechanism is still not finalised and we are going to see that the interests of the consumers and of the country prevail, *prime sur toutes les autres considerations* in all these projects.

Mr Bhagwan: Mr Deputy Speaker, Sir, I have two supplementary questions. Can the hon. Minister, at least, take a commitment to the House, as a matter of transparency, that a copy of the report of the study which is being carried out by the Consultant be placed in the Library of the National Assembly for the information of Members. I consider, Mr Deputy Speaker, Sir, that enough explanation is not being given to the public as far as this new technology of burning waste is concerned?

Dr. Kasenally: Mr Deputy Speaker, Sir, this Government prones transparency and good governance. According to the Power Purchase Agreement, there are certain clauses which prevent both parties, that is, the CEB and the IPPs, concerning the flow of information. But one thing is that the environmental aspects are going to be fully ventilated and I understand that there is a lot of things that have been said and which the hon. Member has in mind. It is about the problem of dioxin, chlorine and sulphur. I agree that dioxin is a real problem which is being taken on board. What is dioxin? Dioxin is formed naturally.

(Interruptions)

Let me put it very clear because dioxin is a real danger. It is a psycho-toxic potential carcinogenic and teratogenic which can cause a lot of tumours. However, I think in all these power plants, there is a mechanism to ensure that these noxious gases, for example, carbon monoxide and sulphur dioxide, will be taken on board to prevent the danger. I think the health and environmental aspects of these two plants will be taken into consideration as far as this Government is concerned.

Anyway, I dare say that, apparently, we have a full-fledged coal plant using all the technologies, and I must inform the House that the Ministry of Environment is having a very close monitoring of the situation, especially in view of what we call the fly ash or the bottom ash. So far, we haven't had any negative impact, but we have to be very careful because a lot of these things have got a long-term effect. This is why, I will, with the help of my colleague, the Minister of Health, carry out a survey about the incidence of diseases which are affected mostly by fly ash, namely cardiovascular diseases and especially obstructive lung disease, like bronchitis and emphysema.

The Deputy Speaker: It is a very long answer, but I think that the question was quite specific.

Mr Bodha: Mr Deputy Speaker, Sir, being given the way this dossier is being handled, may I ask, for a question of transparency, whether the Minister is ready to table the letter of 29 September 2006 to see what is the degree of commitment of this Government to this project?

Dr. Kasenally: I am sorry, Mr Deputy Speaker, Sir, I have to give information as much as possible to this House. I think this House is entitled to information as far as health is concerned.

Concerning the commitment, there is, what we call, a commitment and a relative commitment. The company cannot go and start discussing about electricity if they are not sure that they are going to get waste; and this is very important. And, of course, we have to agree on all other parameters, whether we are speaking about tipping fee or we are speaking about pricing of electricity, all this has to be taken on board.

Mr Bundhoo: Mr Deputy Speaker, Sir, with regard to the future projects for the production of energy in Mauritius, can I ask the hon.

Minister whether there is any participation, in these future projects, of the CEB, public fund or Government and, if so, whether it was the case in the past?

Secondly, may I ask the Minister if he can give any guarantee to this House that in the future no obsolete equipment would be used for the production of energy in any form by any private project?

Dr. Kasenally: As far as equity is concerned, Mr Deputy Speaker, Sir, in the previous IPPs Government had very little. I think SIT has got from 5% to 6%, but in the CT power, Government has been negotiating for 26% and we are being given 20%. This is just a beginning.

As far as the new projects for the sugar sector are concerned, Government is committed to buying electricity, Government is guaranteeing everything and Government is taking a great risk. I think Government is now going with a policy for much higher equity than 20%; and if things go on, for the CEB to be financially sustainable, we may go even for 50% and above.

Mr Ganoo: Mr Deputy Speaker, Sir, reference has been made by the hon. Minister to the case of St. Aubin and CTDS. Would he confirm that in the case of CTDS, there was a request for proposal which was issued...

(Interruptions)

Mr Deputy Speaker, Sir, can I put my question?

The Deputy Speaker: Order! Let the hon. Member put the question. The hon. Minister will answer. That's all!

Mr Ganoo: There was a request for proposal which was issued to three bidders wherein mention was made that it was open to all technologies. In fact, Medine was one of the three bidders which bid for a coal and bagasse plant, but, unfortunately, Medine backed out and this is why CTDS perhaps won the bid. CTDS, as we all know, was a coal fired project. The bid was open to all technologies, but, unfortunately...

(Interruptions)

It was open. Go and check! I repeat, Sir, Medine bid for coal and bagasse, but Medine backed out at the last minute. Would the hon. Minister confirm and give an undertaking to the House that the price to be paid by CEB for each kilowatt hour bought from CT Power will be less than that that bought by the CEB from CTDS and CT Savannah?

Dr. Kasenally: In fact, this is the main attraction for CT Power, Mr Deputy Speaker, Sir. Actually, this is what caused Government to consider it. The price that was being quoted is 5US cents plus or minus 10%.

(Interruptions)

The Deputy Speaker: Order!

Dr. Kasenally: If you want, I'll go over the sad saga of CTDS and request for proposals. What was the request for proposals? There have been so many contortions in it, Mr Deputy Speaker, Sir...

(Interruptions)

The Deputy Speaker: Let the Minister reply! Hon. Members do not trust that the Minister can answer the question himself? They have to answer for him? He must be given the chance to express what he has to say.

Dr. Kasenally: Come what come, may time run to the roughest hour I can ride it up, Mr Deputy Speaker, Sir.

As far as the request for proposals was concerned, there were only four bidders who were called in and, at the end of the day, as the hon. Member said, two backed out. But what is even more interesting here is that the request for proposals for CTDS, in fact, should have been both coal and bagasse, and initially they changed the conditions and put fuel oil. In fact, there was Suzor who came up with fuel oil and CTDS because if we had put the coal and included bagasse in that project, certainly Government would have had a much better deal by the CEB.

Mr Bodha: Mr Deputy Speaker, Sir, the hon. Minister has used the word 'contortions'. May I ask him whether all that they have been doing, that is, unsolicited bids, letter of intent, agreement and then giving consultants a contract to decide on what are the implications of the deal, is not a contortion? May I also ask the hon. Minister whether Gamma Civic

has not requested a price of Rs3.17 for every kw/hr, which is well above the price that the CEB is paying today?

Dr. Kasenally: Mr Deputy Speaker, Sir, that's precisely why we do not have an agreement on this. I keep repeating, and I will repeat it. The bottom line for the CEB is the best price for the consumer. It should not be any more than what we are paying now.

Mr Bodha: Mr Deputy Speaker, Sir, why is it that they have agreed to provide a thousand tonnes of wastes everyday to the project, if they had not yet accepted the 39 dollar for the tipping fee and the Rs3.17 for the kw/hr electricity? Why have they done so?

Dr. Kasenally: Mr Deputy Speaker, Sir, I find it difficult to explain. I will pull every single hair on my scalp, and I still won't be bald. Mr Deputy Speaker, Sir, it is a preliminary agreement. Now, I can tell you that if there is no Power Purchase Agreement signed with the CEB, the whole thing will collapse.

Mrs Hanoomanjee: Mr Deputy Speaker, Sir, I will come back on this question of sequencing and procedure, which is very important. *N'est-ce pas mettre la charrue devant les bœufs, pour avoir émis les Letters of Intent avant et engager par la suite un consultant de l'électricité de France ?*

Dr. Kasenally: Mr Deputy Speaker, Sir, this term has been used so much that it is becoming *agaçant*. We have to bite the bullet when it comes in. The hon. Member is talking about '*mettre la charrue devant les boeufs*', but I think that we are much more forward looking. What we want is to get the best deal for the CEB in this context of waste to energy for the Ministry of Local Government. It is very costly at the moment, and is causing serious health and environmental hazard as far as Mare Chicose is concerned.

Mrs Dookun-Luchoomun: Mr Deputy Speaker, Sir, I heard the hon. Minister state that whatever be the case, if ever he feels that the project would be against the benefit of the nation and environment, he would back out. I am going to ask the hon. Minister to reconcile the fact that letters of intent were issued in 2006 and that the Environment Impact licence was sought for only in 2007. If this is the case, I would like to ask the hon. Minister whether he would agree that this is 'contortion', as this should not have been the case, and whether he would, if need be, open up the project, solicit more people to come forward, and to offer their services.

I would also like to ask the hon. Minister whether, with regard to this particular project, the assessment and the impact on the environment should not have been done far before giving these Letters of Intent?

Dr. Kasenally: Mr Deputy Speaker, Sir, there is a procedure. By giving the Letter of Intent, we have not committed ourselves. In fact, it is a multi-pronged approach. If an assessment is initially asked, instead of taking two years, the project will take four, five years. In the meantime, we may just be landing up with outages.

Mrs Dookun-Luchoomun: Mr Deputy Speaker, Sir, since we are dealing with hi-tec and we are talking about fine technology (*technologie de pointe*), do we have, within our Ministries, be it the Ministry of Health or the Ministry of Environment, people with the expertise and the means to assess such projects before any decision is taken?

Dr. Kasenally: Mr Deputy Speaker, Sir, I will remind the hon. Member that we are having the services of two consultants. One is Ramboll from the BOI and the other one is the EDF. We are going to have the impact assessment. We may not have that the full expertise, but we are going to make sure that whatever thing is done is safe, with the help of foreign experts also.

Mr Bodha: Mr Deputy Speaker, Sir, we are not allowed to fail on this dossier, and it is being badly handled. On an issue of transparency, may I ask the hon. Minister whether he will lay on the Table of the National Assembly the Letter of Intent dated 05 May 2006, the letter from the BOI dated 29 September 2006, the terms of reference of all the consultants? Can he tell us why those consultants were decided upon and not others? I would like to ask him whether there was not a request for proposal for consultancy services, and why we have chosen the EDF in the CT Power project and Ramboll in the particular project regarding Covanta?

Dr. Kasenally: Mr Deputy Speaker, Sir, I do not like this sense of pessimism on the part of the hon. Leader of the Opposition. Why should we fail? We have to screw our courage to the sticking point, and we shall not fail. In reply to my last PNQ, I did mention the contents – there were about 7 components. I will ask the Leader of the Opposition to go over the official answer, and he will get it. I can give him a copy of my answer.

As far as the other contracts for the EDF and Ramboll are concerned, I will have to consult the CEB and the BOI. It is their privilege, and if there are no restrictions, most certainly I will lay the information on the Table of the Assembly.

The Deputy Speaker: Time is over! The Table has been informed that PQS Nos. B/559, B/568 and B/569 have been withdrawn. The Table has further been informed that PQ No. B/571 on the use of Subutex will be replied by the Minister of Health & Quality of Life and that PQ No. B/576 on sea swells at Rivière des Galets will be replied by the Minister of Housing & Lands, in keeping the practice that these questions will be replied at the end of question time, time permitting.