



**AN BILLE LEIGHTREACHAIS (SOLATHAR) (LEASU), 1953.
ELECTRICITY (SUPPLY) (AMENDMENT) BILL, 1953.**

EXPLANATORY MEMORANDUM.

1. The main object of this Bill is to provide for the additional capital requirements of the Electricity Supply Board for an extensive development programme which the Board has prepared at the request of the Minister for Industry and Commerce. This programme, details of which are given in an Appendix to this memorandum, is designed to provide additional generating capacity together with ancillary transmission and distribution networks to meet a demand for electricity which it is estimated will increase from 1,300 million units in the year ending 31st March, 1954 to 3,350 million units in the year ending 31st March, 1961, the year in which it is hoped to complete the programme. The programme is based on the maximum possible utilisation of native hydro and turf resources and in so far as the capacity and output of turf-fired generating stations are concerned is based on the estimates of Bord na Móna regarding fuel production.

2. Under the Electricity (Supply) Acts, 1927-1952, the statutory provision for advances which may be made to the Board from the Central Fund is £72,975,066 of which £8 million is for rural electrification and £6,030,066 represents the liability assumed by the Board in respect of the Shannon Works for issues made under the Shannon Electricity Act, 1925, as amended. The total is made up as follows:—

Issues under Shannon Electricity Act, 1925, as amended	£6,030,066
Provided under Electricity (Supply) Act, 1927	£2,656,000
Provided under Electricity (Supply) Acts, 1931-41 and Liffey Reservoir Act, 1936 (No. 54 of 1936)	£10,789,000
Electricity (Supply) Acts, 1945-1952	£53,500,000 (including £8,000,000 for rural electrification).
Total statutory provision	£72,975,066

3. At 31st December, 1953, the total of advances made to the Board from the Central Fund (including the liability assumed in respect of the Shannon Works) was £52,124,636 of which £8,000,000 had been advanced for rural electrification. The difference between the total amount authorised and the amount actually advanced is due partly to the use by the Board of other sources of finance to which reference is made in Paragraph 6 but chiefly to the fact that the statutory provision is designed to cover not only the Board's actual cash requirements but also the cost over a period of a long-term programme for which payments are not immediately required. Long-term planning is inherent in the nature of the development of electricity generating capacity and of the ancillary transmission and distribution networks. As a rule, commitments have to be entered into five years in advance of completion of a generating station and four years and two years ahead respectively in the case of transmission and distribution networks.

4. As shown in the Appendix the total cost of the new programme is £64 million. Of this amount £53,500,000 is required for the Board's general purposes and £10,500,000 for rural electrification. In addition it is estimated that a further sum of £1,750,000 will be required to cover the increased cost of the programme for which statutory provision already exists. The Board estimates that by the 31st March,

1956, roughly half of the new programme will have been completed and that at that date capital works involving an ultimate expenditure of £65,750,000 in excess of the existing statutory provision of £72,975,066 will have been undertaken or planned to be undertaken. The position is summarised in the tabular statement hereunder :—

	General Purposes	Rural Electrifica- tion	Total
	£	£	£
(a) Total Statutory Provision ...	64,975,066	8,000,000	72,975,066
(b) Total advanced to the Board from the Central Fund up to the 31st December, 1953, (including Shannon Works liability) ...	44,124,636	8,000,000	52,124,636
(c) Amount undrawn— (a) less (b)	20,850,430	Nil	20,850,430
(d) Amount in excess of existing statutory provision which will be expended or planned to be expended by 31st March, 1956 ...	55,250,000	10,500,000	65,750,000

5. It will be seen therefore that if it were desired to make statutory provision for the total of the Board's expenditure whether actually incurred or planned to be incurred as at 31st March, 1956 the existing statutory provision for the Board's general purposes would have to be increased by £55,250,000 to a total of, say, £120,225,000. As already explained, however, some of this expenditure will not become a contractual liability until after 31st March, 1956. At that date it is estimated that the total of the Board's expenditure and contractual liabilities (excluding expenditure planned but not contracted for) on projects other than rural electrification will amount to £100,000,000 and accordingly in Section 2 of the Bill the Board is being empowered to incur expenditure on new capital projects other than rural electrification within this sum. The following sums will count towards this limit of £100 million—

- (i) the sum of £6,030,066 being the liability existing at 31st December, 1953, in respect of the Shannon Works handed over to the Board under Section 15 of the Electricity (Supply) Act, 1927 (No. 27 of 1927);
- (ii) the sum of £38,094,570 being the amount of the advances issued to the Board from the Central Fund up to 31st December, 1953, inclusive, under the Electricity (Supply) Acts, 1927 to 1952, for the general purposes of the Board, other than for rural electrification;
- (iii) all sums credited to the Board's General Assets Depreciation Reserve which are temporarily utilised to finance new capital projects (amounting, at 31st December, 1953 to £10,845,342);
- (iv) all sums borrowed under Section 8 of the Electricity Supply Board (Superannuation) Act, 1942 (No. 17 of 1942) from the trustees of a superannuation fund (amounting, at 31st December, 1953 to £1,546,200);
- (v) all sums borrowed temporarily for new capital projects;
- (vi) all further sums advanced to, or borrowed by, the Board for general purposes (whether from the Central Fund or otherwise) except to the extent that they are applied to recoup the General Assets Depreciation Reserve for moneys utilised to finance new capital projects or to repay sums borrowed from the trustees of a superannuation fund or borrowed temporarily from other sources of finance.

6. Since its establishment under the Electricity (Supply) Act, 1927, the capital requirements of the Board have been provided mainly by way of repayable advances from the Central Fund and the limit

up to which such advances may be made has been increased from time to time as the undertaking developed. Moneys have also been obtained by the Board by borrowings from the superannuation funds set up for its employees and also by the temporary application to capital purposes of reserves held by the Board for renewal and depreciation of its assets. The Central Fund has, however, been the main source of finance and the use of moneys from the other sources mentioned does no more than postpone demands on the Central Fund.

7. The general financial position of the Board is satisfactory and the issue of securities direct to the public by the Board under the terms of the Bill should be attractive to investors as a means of providing moneys required for general purposes other than rural electrification. Provision is being made, in Section 4, empowering the Board to make its own arrangements in future for obtaining its capital requirements direct from the public or otherwise. In Section 3 of the Bill the Board is being authorised subject to the approval of the Ministers for Industry and Commerce and Finance to obtain temporary financial accommodation. To the extent that such temporary borrowing is used for new capital projects it will count towards the authorised total of expenditure authorised in Section 2. The consents of the Ministers for Industry and Commerce and Finance will be required for all borrowings whether by way of temporary accommodation or otherwise and in the case of borrowings under Section 4 there may be attached to such consents a condition that the moneys so obtained shall be used only for a programme of capital works approved by the Minister for Industry and Commerce. The amount which may be borrowed other than by way of temporary borrowing is limited to a sum of £25 million which it is estimated will be sufficient to meet the Board's actual *expenditure* on projects other than rural electrification in the period 1st April, 1954, to the 31st March, 1956. (The Board's requirements for the year ending 31st March, 1954, will be obtained from the Central Fund as heretofore). The section also includes provision for the creation of charges on the Board's property in respect of the sums borrowed.

8. The Electricity (Supply) Act, 1927, provided that the Minister for Industry and Commerce might hand over the Shannon works to the Board and Orders have been made handing over to the Board the main works at Ardnacrusha as well as transformers, distribution systems and lands forming portions of the Shannon Works. These works are, however, vested in law in the Minister for Industry and Commerce. In order to facilitate the creation of uniform charges on the Board's assets it is proposed in Section 16 of the Bill to transfer the legal ownership of the works to the Board.

9. While it is the intention that apart from what is required for rural electrification, the Board will in future be expected to obtain its capital requirements from non-State sources it is considered necessary to retain the power of the Minister for Finance to make repayable advances from the Central Fund and accordingly Section 5 of the Bill empowers the Minister for Finance to make such advances to the Board within the limit of the Board's authorised expenditure. As the primary object of the legislation is to ensure the availability to the Board of the moneys which it will require for the implementation of its development programme, it is essential that moneys should continue to be available from the Central Fund if they are required at any time.

10. Section 6 of the Bill provides for the repayment by the Board of advances made under Section 5 and includes provisions for the creation of charges on the Board's assets.

11. Section 8 empowers the Minister for Finance to underwrite the issue of securities by the Board and under Section 11 such securities shall be trustee securities. Section 12 provides for the redemption of these securities and sets out the objects to which sinking funds may be applied. Sections 9 and 10 provide for the guaranteeing of the Board's stock issues by the Minister for Finance.

12. As it is anticipated that the Board will have from time to time moneys at its disposal which will not be immediately required the Board is empowered under Section 13 to invest these surplus moneys subject to the consents of the Ministers for Industry and Commerce and Finance.

13. Sections 14 and 15 deal with the disposal by the Minister for Finance of securities which he may acquire as a result of the underwriting of issues by the Board and the disposal of dividends, etc., which he may receive from such securities. Section 18 provides for the raising of such sums as may be required to fulfil underwriting obligations.

14. With regard to rural electrification the position as shown in paragraph 4 and the tabular statement therein was that—

(a) at 31st December, 1953, the total statutory provision of £8,000,000 had been exhausted;

(b) in the period ending 31st March, 1956, additional capital commitments totalling £10,500,000 would be entered into making a total of expenditure and capital commitments at that date of £18,500,000.

15. The Electricity (Supply) (Amendment) Act, 1945, provides that 50 per cent. of the sums advanced to the Board for rural electrification shall be repaid to the Central Fund out of moneys provided by the Oireachtas, i.e., a subsidy at this rate is paid by the Exchequer towards the cost of rural electrification. Since this service will still require a subsidy it has been decided to continue the present arrangement under which these moneys are provided exclusively by the State. Accordingly, Section 7 of the Bill provides for an increase to £16 million in the total of advances which may be made to the Board from the Central Fund for this purpose. The rate of development under the scheme has recently been accelerated by 50 per cent and a further 50 per cent increase is contemplated at a later date. The amount which it is now proposed to provide is estimated to be sufficient to meet the Board's expenditure and contractual liabilities in the three years ending 31st March, 1956. The balance of £2,500,000 represents expenditure planned at that date but which will not become a contractual liability until subsequent to that date.

16. Section 19 provides for an increase from twenty-four eighths to twenty-four eighths of a member's yearly salary in the maximum pension which may be paid on retirement to whole-time members of the Board. The existing maximum of twenty-four eighths provided under Section 2(1) of the Electricity Supply Board (Superannuation) Act, 1942 (No. 17 of 1942) is regarded as inadequate and compares unfavourably with the provisions which apply in the Civil Service and certain State-sponsored bodies and with the superannuation provisions of outside concerns generally where the maximum pension is at least one-half of the retiring salary.

17. Advantage has been taken of the enactment of this legislation to provide that the Public Authorities Protection Act, 1893 shall not apply to the Board. Under Section 10 of the Transport Act, 1950, C.I.E. has been excluded from the application of this Act but it appears that the Electricity Supply Board is still entitled to the protection of the Act. This position is regarded as anomalous and Section 17 of the Bill is designed to end this anomaly.

Roinn Tionscail agus Tráchtála.

Márta, 1954.

APPENDIX
STATEMENT SHOWING

- (i) generating plant in service at 31st December, 1953 ;
 (ii) plant to be added each year to 31st March, 1958 and for which legislative approval is available under the Electricity (Supply) Acts, 1945 to 1952 ;
 (iii) development programme for which additional legislative provision is required.

(i) Plant in service at 31st December, 1953.

Year of Commissioning	Station	Type of Fuel	MW Rating	Estimated Total Plant OUTPUT (O) in average hydro year and estimated DEMAND (D) (Million Units)
1953/56	Laneboro	Turf	95	1,873 (O) 1,750 (D)
1956/57	Doonbeg	Hydro	44	
	Portarlinton	Sod Turf	25	
	Allenwood	Sod Turf	40	
	Shannon	Hydro	80	2,088 (O) 2,026 (D)
	Liffey	Hydro	38	
	Erne	Hydro	55	
(ii) Plant to be added each year to 31st March, 1958, and for which legislative approval is available under the Electricity (Supply) Acts, 1945 to 1952.				
Year	Station	Type of Fuel	MW Rating	Estimated Total Plant OUTPUT (O) in average hydro year and estimated DEMAND (D) (Million Units)
1954/55	Cork No. 1	Coal/Oil	30	
	Cork No. 2	Coal/Oil	30	1,579 (O)
	Ringsend (Dublin) No. 1	Coal/Oil	30	1,570 (D)
	Erne (Cliff)	Hydro	10	
1955/56	Ringsend No. 2	Coal/Oil	30	1,873 (O)
	Ringsend No. 3	Coal/Oil	30	1,780 (D)
	Ferbane No. 1	Milled Peat	20	
	Ferbane No. 2	Milled Peat	20	
1956/57	River Lee	Hydro	27	2,088 (O) 2,026 (D)
1957/58	Ferbane No. 3	Milled Peat	20	2,350 (O) 2,290 (D)
1960/61	Other Steam	Milled Peat	80	2,431 (O) 2,350 (D)
TOTAL			337	

Note—The description "Other Steam" in the years 1959/60 and 1960/61 refers to additional capacity which will be required in those years. The possibility of basing this capacity on turf is under consideration but this is dependent on sufficient turf being available from Bord na Móna after satisfying other requirements.

(iii) Programme of Capital Works for which commitments will be entered into by the Board in period ending 31st March, 1956 and for which additional legislative provision is required.

Year of Commissioning	Station	Type of fuel	MW Rating	COST (£ million)				Total	Estimated Total Plant OUTPUT (O) in average hydro year and estimated DEMAND (D) (Million Units)
				Generating Stations	Transmission	Distribution Non-Rural and Rural	Buildings, Contingencies, etc.		
1955/56	Lanesboro	Sod Turf	20	1.4					1,873 (O) 1,780 (D)
1956/57	Lee (extra cost)	Hydro		1.0					
	Derrygreenagh No. 1	Milled Peat	20	2.6					
	South West Kerry	Hand-won Turf.	5	0.55					2,088 (O) 2,026 (D)
	West Clare	do.	5	0.55					
	Connemara	do.	5	0.55					
	West Donegal	do.	5	0.55					
1957/58	Derrygreenagh No. 2	Milled Peat	20	—					
	T.A.E. (1) Oweninny No. 1	do.	20	2.6					
	Clady	Hydro	4	0.7					2,350 (O) 2,290 (D)
	Arigna	Coal	15	1.0					
					11.5	2.5	2.7	0.5	17.2
1958/59	Ferbane No. 4	Milled Peat	20	2.6					
	Derrygreenagh No. 3	do.	20	2.6					
	T.A.E. (1) Oweninny No. 2	do.	20	—					2,650 (O) 2,600 (D)
	Blackwater No. 1	do.	20	2.6					
				7.8	4.3	4.0	0.5	16.6	
1959/60	Ferbane No. 5	Milled Peat	20	—					
	Blackwater No. 2	do.	20	—					
	T.A.E. (II) Bangor								
	Erris No. 1	do.	20	1.4					
	Gowlan No. 1	do.	20	1.4					
	Comeragh (Kerry)	Hydro	4	0.8					
Avonmore	Hydro	20	3.6						
" Other Steam "		30	2.2						3,002 (O) 2,950 (D)
				9.4	3.0	4.3	0.5	17.2	
1960/61	Derrygreenagh No. 4	Milled Peat	20	—					3,421 (O) 3,350 (D)
	" Other Steam "		60	5.0	3.0	4.5	0.5	13.0	
	TOTALS			33.7	12.8	15.5	2.0	64.0	

NOTE.—The description " Other Steam " in the years 1959/60 and 1960/61 refers to additional capacity which will be required in those years. The possibility of basing this capacity on turf is under consideration but this is dependent on sufficient turf being available from Bord na Móna bogs after satisfying other requirements.

is at least one-half of the retiring salary.

17. Advantage has been taken of the enactment of this legislation to provide that the Public Authorities Protection Act, 1863 shall not apply to the Board. Under Section 10 of the Transport Act, 1950, C.I.E. has been excluded from the application of this Act but it appears that the Electricity Supply Board is still entitled to the protection of the Act. This position is regarded as anomalous and Section 17 of the Bill is designed to end this anomaly.

Revenue Financial and Technical
March, 1954

AN BILL IN LEIGHTREACHAIS (SOLATHAR) (LEASU), 1953.
ELECTRICITY (SUPPLY) (AMENDMENT) BILL, 1953.

Mar a h-ghabhá áiríodh.

As introduced.

ARRANGEMENT OF SECTIONS.

Section

1. Definitions.
2. Limitation on total expenditure for general purposes.
3. Temporary borrowing.
4. Borrowing powers for general purposes.
5. Advances to the Board out of the Central Fund.
6. Repayment by the Board of advances out of the Central Fund.
7. Increase of advances for rural electrification.
8. Underwriting by the Minister for Finance of issues of stock.
9. Guarantees of securities.
10. Annual statement as to guarantees.
11. Securities of Board to be trustee securities.
12. Redemption Fund.
13. Investment of surplus moneys.
14. Payment of dividends, etc., into the Exchequer.
15. Powers of Minister for Finance in respect of stock held by him.
16. Visiting of Shannon Works in Board.
17. Exclusion of Public Authorities Protection Act, 1893.
18. Provision of money for payments out of the Central Fund.
19. Maximum rate of pension of whole-time members of the Board.
20. Short title, collective citation and construction.

(iii) Programme of Capital Works for which commitments will be entered into by the Board in period ending 31st March 1956 and for which additional legislative provision is required.

Year of Commencement	Station	Type of fuel	MW Rating	COST (£ million)				Estimated Total Peak OUTPUT (C) in 1956 and estimated DEMAND (D) (Million Units)
				Generating Stations	Transmission	Distribution Non-Rural and Rural	Buildings, Contingents, etc.	
1955/56	Lanesboro	Sea Turf	20	1.4				1,373 (C) 1,799 (D)
1956/57	Lee (extra cost)	Hydro		1.0				2,088 (C) 2,028 (D)
	Derrygreenagh No. 1	Milled Peat	20	2.6				
	South West Kerry	Hand-won Turf	5	0.55				
	West Clare	do	5	0.55				
	Conemara	do	5	0.55				
1957/58	West Donegal	do	5	0.55				2,356 (C) 2,299 (D)
	Derrygreenagh No. 2	Milled Peat	20					
	T.A.E. (I) Ovensinnery No. 3	do	20	2.6				
	Cash	Hydro	4	0.7				
	Arigna	Coal	15	1.0				
				11.3	2.7	2.7	0.5	17.2
1958/59	Perbane No. 4	Milled Peat	20	2.6				2,656 (C) 2,599 (D)
	Derrygreenagh No. 3	do	20	2.6				
	T.A.E. (I) Ovensinnery No. 2	do	20	2.6				
	Blackwater No. 1	do	20	2.6				
					7.8	4.2	4.0	
1959/60	Perbane No. 5	Milled Peat	20					2,602 (C) 2,559 (D)
	Blackwater No. 2	do	20					
	T.A.E. (II) Bangor Erris No. 1	do	20	1.4				
	Owslan No. 1	do	20	1.4				
	Coneragh (Nocty)	Hydro	4	0.5				
	Avonmore	Hydro	20	2.5				
	"Other Steam"		30	2.2				
				9.4	2.0	4.5	2.5	17.2
1960/61	Derrygreenagh No. 4	Milled Peat	20					2,421 (C)
	"Other Steam"		60	2.0	2.0	2.5	0.5	2,559 (D)
	TOTALS			23.7	12.8	15.5	3.0	64.0

NOTE.—The description "Other Steam" in the years 1959/60 and 1960/61 refers to additional capacity which will be required in those years. The possibility of basing this capacity on turf is under consideration but this is dependent on sufficient turf being available from local or home logs after satisfying other requirements.