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**PRESS RELEASE**

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**Opposition comments on power generation are the height of political hypocrisy**

The Government considers that the latest statement by the Opposition on power generation issues is the height of political opportunism and hypocrisy. The reality is that the problems in electricity generation and distribution that Gibraltar has experienced stems directly from their own mismanagement of the issue during the nearly sixteen years that they were in Government.

The Chief Minister, during his budget speech in June, announced the award for the construction of a new power station to Bouygues Energies and Services in the sum of £ 68 million. This means that the tender was awarded about 30 months after coming into office, even though this followed a period of assessment of the plans that the previous Government had set in motion.

The GSD announced the award of the contract for a new power station on 21 March 2011 at a cost of over £ 120 million. This means that the previous administration took 178 months to award a power station tender after they came into office.

It is therefore a bit rich for the Opposition to complain at the perfectly proper time that the Government has taken to tackle this issue when they themselves took over six times longer.

Moreover, the GSD were warned in 1999 that Waterport Power station had a lifespan of 10 years, until 2009. This warning came in the "Strategic Review of the Electricity Department" produced by Manx Energy. This shows that as early as 1999 the previous administration was already aware that the engines at Waterport Power Station would not last beyond 2010. They still failed to take decisive and timely action to deal with the problem.

Separately to this, the then Government also failed to deal with the issue posed by the creaking infrastructure and distribution network, which is independent of power generation capacity. The Opposition knows that such was their level of chronic underinvestment in the distribution network during their time in office that power cuts have continued as a result of this, even though the present level of generating capacity is more than adequate to meet Gibraltar's needs. A number of reports on the electricity distribution network which were made available to the previous administration in 2005 and 2007 were largely ignored. This

Government has now implemented a rolling programme of upgrading the distribution network, the cost of which will be spread over a number of financial years.

This means that even if the power station programmed by the Opposition had been ready by now, which is questionable given the nature of these things, the fact is that the distribution network would have also needed to be upgraded in the process.

This Government is as frustrated as anybody else whenever there is a power outage. However, there can be no excuse for the Opposition to point the finger from the sidelines as if this had nothing to do with them. The Leader of the Opposition has already publicly accepted that they "must take some of the blame". The reality is that they must shoulder all of the blame and not some of it. It was their failure to act on the 1999 report and on the others which followed that have placed Gibraltar in the position that it finds itself in today.

Having failed to make any impact with these arguments, given their poor track record in Government, the Opposition are now stooping to shameless scaremongering at the fact that the new power station will be gas fired. The Opposition must know that Shell is a world class operator in this field and that LNG is used in densely populated areas all over the world.