



**Din I-Art Helwa**

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22nd November 2013

Dear Mr Koller,

### **National Energy Policy – Strategic Environmental Assessment**

Din I-Art Helwa would like to seek the opinion of DG-Environment on a matter that is of concern to us, and to which we have not received a satisfactory reply from the Government of Malta. We attempted to raise and clarify this matter with you and your colleagues verbally during a meeting held in Malta earlier this month, however due to the nature of the meeting we were not able to present adequate details to explain our position clearly.

In December 2012, the Government of Malta published its National Energy Policy which was subject to public consultation and to a Strategic Environmental Assessment. The National Energy Policy includes a switch of energy supply to natural gas within the context of the EU single energy infrastructure grid, as follows:

#### *Policy area 3: Security of supply*

Policy statement: Government will seek to diversify away from the current reliance on oil products while ensuring that contingency plans are in place to cater for short-term disruption in oil supply. Malta will interconnect with the European electricity system and pursue, with the context of the EU single energy infrastructure grid and the related EU financing, the realisation of the necessary natural gas supply infrastructure.

Malta will strive to achieve greater stability in its energy systems. This will be done mainly through connection with robust European energy grids. An electricity connection to the European mainland will provide the required means for energy trading. The introduction of natural gas, which should be financed by the EU in order to ensure that Malta is connected to the EU single infrastructure grid, will depending on the sector, contribute to the diversification of the overall energy mix, lower emissions and potentially more competitive energy prices.

*(Malta's National Energy Policy, p. 41)*

The National Energy Policy states that the “default pecking order” of energy supply in Malta is to be as follows:

The default pecking order for the use of technology to satisfy demand on an hour-by-hour basis is:

1. the use of available energy from renewable sources;

2. the mandatory use of energy from the Delimara power plant on account of generating plant switched in earlier hours and which would have to continue operating for a minimum period of time;
3. the use of the interconnector, which may on one hand supply energy to Malta, or in instances used to export energy in case that the above two sources exceed demand;
4. the use of the Delimara extension facilities on a discretionary basis;
5. the use of the original Delimara facilities on a discretionary basis.

This pecking order takes into account technical and cost considerations, mainly:

- \_ (1) and (2) have to be mandatorily used or exported as they would be available irrespective of demand or discretionary decisions;
- \_ (3) is preferred to (4) is preferred to (5) on account of cost considerations, whereby it is assumed that the price of electricity acquired through the interconnector will be more favourable than that for domestic energy production, while the Delimara extension will present efficiency and cost improvements over the original Delimara facilities, mainly in the use of fuel and in the added flexibility of being able to use smaller-sized turbines.

*(Malta's National Energy Policy, p.74)*

In 2013, following a change in administration, the Government of Malta is now implementing major changes to the scenario presented in the National Energy Policy, with the proposed construction of a 'stand-alone' gas-fired power station which will operate for an 18-year period through shipments of LNG, and which will not be connected to the EU single-infrastructure energy grid. This new power station will produce 200MW of energy which implies a significant reduction of use of the interconnector to acquire electricity and a complete change in the "pecking order" of technology use as presented in the National Energy Policy.

Concerns have been raised in parliamentary debates as well as in the local press, that the operation of this new 'stand-alone' gas-fired power plant over an 18-year period may render a connection to the EU gas single-infrastructure energy grid unfeasible. A 'stand-alone' gas-fired power station in Malta for an 18-year period is not mentioned in the National Energy Policy, nor was it assessed in the related Strategic Environmental Assessment. In all instances, the switch to gas was discussed in the context of a connection to the EU single-infrastructure energy grid through a gas pipeline.

While fully appreciating that a switch to natural gas is likely to provide environmental benefits, Din I-Art Helwa has requested the Government to respect the mandatory environmental procedures by first updating the National Energy Policy and carrying out screening in line with the requirements of the Strategic Environmental Assessment Directive, before moving ahead with this new direction for energy generation in Malta. These procedures will also help to ensure that adequate public participation is made possible.

Din I-Art Helwa wrote to the national SEA focal point in June 2013, with the Ministry for Energy and the Conservation of Water in copy, but we still have not received a satisfactory reply to our request. We are enclosing a copy of the full correspondence with this letter.

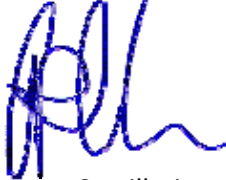
The concerns which we are now addressing to DG-Environment are as follows:

1. While Din I-Art Helwa agrees with a switch to natural gas in principle, we do not agree that the Government can ignore its obligations as outlined in the Strategic Environmental Assessment Directive in order to achieve this aim. This sets an undesirable precedent which must be avoided.

2. The formal updating of the National Energy Policy and related strategic environmental assessment procedures would provide opportunities for public participation in these strategic decisions of major environmental importance.

As five months have passed since Din I-Art Helwa's original request was submitted to the Government and we have not received a satisfactory reply, we would like to seek the opinion of DG-Environment on this matter.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'GC', written in a cursive style.

George Camilleri

Secretary General – Din I-Art Helwa