**The Workers’ Party of Ireland**

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**Submission to the Private Wires Consultation process**

**INTRODUCTION**

The Workers’ Party welcomes this opportunity to address the issues raised in the private Wires document published by the Department of the Environment, Climate and Communications on the 18th August.

We will not be adhering to the format for consultation set out by the Department where the public, like some sort of Junior Cert exam class, are given a prescribed text and asked to give answers to a specific set of questions. This format is completely undemocratic in that it attempts to limit the scope of the representation that can be made and it also attempts to corral and direct the public commentary along an already determined path. Wee will not be limited in our commentary by these artificial boundaries.

In the first instance we take issue with the document being labelled a ‘consultation’ document. It is not an examination of the pros and cons of the privatisation of, essentially, all new additions to the electricity transmission and/or distribution network in Ireland arising from changes or additions to our electricity generating capacity. Rather it is an apologia for those business and banking interests who want, for their own interests, to see those systems privatised. In this context we would also add that it seems to be accepted without debate in the document that all future electricity will be undertaken by the private sector while our publicly owned electricity is pushed to the sideline. It also seems to be accepted that future electricity generation will derive from a myriad of small to medium operations rather that from large economic units like modern nuclear generation.

It is noticeable in this document that there are constant references to ‘in talks/ representations from industry sources’. A number of questions arise from this. Who are these ‘industry sources’? What was the nature of the talks or representations that took place? Who initiated these interactions? Is this term just a polite or political term for ‘when we were lobbied by various vested interests’? It is important that the Department provides clear answers to these questions.

We also wish to highlight the ridiculous time limit placed on the public in constructing their responses to this major paper. The document was published on the 18th August and the initial deadline for submissions was Friday 13th October. Even the Department itself got embarrassed by this 8-week deadline and extended it. By a full two weeks. Why is it that a consultation document that is at least two years late in publication wants the public to respond within ten weeks, two of which were within the summer holiday period. It is hard to conclude other than the Department does not want the public to comment and would be happier if the afore-mentioned ‘industry sources’ and their friends were the only once to respond.

**PRIVATISATION**

Before we look in detail at the privatisation proposals contained within the Private Wires document it is important that we first look both at the ideology powering privatisation and the lived experience of privatisation since the electoral victories of Margaret Thatcher and Ronald Reagan in 1979 and 1980 respectively.

**Ideology.**

The ideology powering privatisation is the perverse world view that, in Margaret Thatcher’s own words, there is no such thing as society. Such a world view sees the population as atomised, as individuals without any ties or loyalty of family, community or class. Such a world view, which rejects the concept of society, ipso facto rejects the concept of the common good or what was historically referred to as the common weal. In such a world view the sole role of the state is, therefore, is to protect the individual and the individual’s right to profit without any regard to the common good.

These ideological and economic concepts, summarised and popularised by, respectively, Hayek and Friedman, were given their first and most brutal expression under the fascist dictatorship of the CIA-backed Auguste Pinochet. It is an interesting aside that one of Pinochet’s most vocal supporters was the leading Tory politician, and subsequent Chancellor of the Exchequer, Norman Lamont.

**The Lived Experience of Privatisation**

Since the election of Margaret Thatcher as Conservative Party prime Minister in 1979, the dominant economic ideology and practice on both sides of the Irish Sea has been one of privatisation. The privation process has ranged across the total economic spectrum, from heavy industry, public utilities, natural resources, housing, the prison service, banking, transport etc. At different times varying arguments or collection of arguments, have been used to justify the privatisation of a specific industry, resource or service. These arguments can be summarised as: The private sector is more efficient; the private sector has access to the capital necessary for investment; privatisation leads to competition and thus lower consumer prices; privatisation is more democratic than state ownership. At the end of the process, no matter what rationale is utilised, the result is that a public asset, owned collectively by the people, is transferred to private ownership for their enjoyment and/or profit.

So, what has been the public’s lived experience of privatisation over the last four decades across Ireland and the UK. The general consensus, apart of course from the most ideologically blinkered and those who have profited from the process, is that the experience of privatisation has ranged from the merely bad to disastrous.

In both Ireland and the UK the largest experience of privatisation has been the sell-off, at hugely deflated values, of public housing to private buyers. This has been a disaster in both the short and long term. In the short term the sell-off enriched a very small cohort of people and their banks/mortgage companies at the expense of the public at large and the Local Authorities. In the longer term it has deprived the state and the local authorities the ability to respond to the housing crisis resulting in the chaos and desolation which we presently see. Perhaps we should ask those who promoted and continue to promote the sell off of public housing to tenants as the correct and moral thing to do, why will use every tactic in the book, (parliamentary, legal and otherwise), to ensure that tenants in the private sector do dot even have the basic rights as promoted by Michael Davitt 150 years ago of a fair rent and fixity of tenure.

In Ireland, the largest single, and most flamboyantly organised, privatisation of a single company, has been the sell Telecom Éireann in 1999. While it was very successful theatre it was an economic and technological disaster. The privatisation did not attract investors interested in developing and expanding the company. Instead it attracted a collection of Irish and international carpet-baggers and asset-strippers who took every possible Euro out of the company until, within a decade and renamed, it was an economic basket case. The victims were the Irish people and Irish business. A valuable publicly owned at the cutting edge of its business, had been privatised and stripped bare, with no benefit to the Irish people. Furthermore, a company which had been at the leading edge of the industry had been replaced by a company with neither the resources or skills to provide the services, especially broadband services, necessary for the 21st century. Even to this day, the fact that many towns, communities and individuals have minimal or no access to broadband is directly traceable to the destruction of telecom Éireann by the Fianna Fáil led government of 1999.

We do not, in this submission, intend to examine and interrogate every instance of privatisation that has occurred over the last four decades. While we picked only two instances in our argument we could, in reality, have picked any number of examples which often had even more disastrous consequences for the public. We could have looked at the dismemberment and privatisation of British rail and the concomitant privatisation of the UK bus service. Within two decades the UK’s train service collapsed from being a cheap, efficient, reliable and well-resourced system to an unreliable, and expensive service. Once again the result of asset stripping and no investment. The fate of the UK’s bus services has been even worse. Huge swathes of the country no longer have a bus service and those that have must pay dearly for an unreliable and infrequent service. The dire state of the privatised Water system has been all over the news in recent months and doesn’t need to be repeated in this submission.

Here in Ireland the short-sighted sell-off of the ICC bank, the ACC bank and the Trustee Saving Bank meant that the Irish state and the Irish public was completely at the mercy of the commercial banking sector. The dangers of this situation had been recognised by the governments in the early years of the state but subsequent governments, high on the hubris of the illusory Celtic Tiger, got rid of these assets with serious consequences when the tiger imploded in a morass of debt. Of course the banking collapse in itself should give the lie for all time to the notion of the efficiency and prudence of the private sector.

## **GRID INFRASTRUCTURE AND THE “NEED” FOR PRIVATE WIRES.**

It is remarkable that in this lengthy document little or no technical rationale is provided as to why the needs identified cannot be more easily and efficiently met through expansion or upgrade of the state owned grid infrastructure. Considering the high level of public opposition to construction of pylons, and the considerable costs and planning difficulties involved in building any high-voltage grid infrastructure, it seems clear that there is an obvious economy of scale in having such developments overseen by a single public body with considerable experience, as well as the ability to coordinate numerous grid expansions efficiently.

What’s more, in areas where current transmission capacity needs to be increased to handle increased generation, this can in most cases be achieved by re-stringing existing state-owned high-voltage transmission lines with higher-tension cables or, where necessary, constructing new lines and pylons along the same route to replace the older lines. Such upgrades can necessarily, only be performed by the current grid owner, and involve far less potential for planning difficulties than the construction of new, parallel, privately owned pylons and lines, in competition with the national grid infrastructure.

Likewise, no rationale has been provided to demonstrate this need for additional TAO or TSO bodies. The separation of the roles of TAO and TSO already introduces a high degree of duplication in the management and planning of grid infrastructure which will not be improved by the creation of additional parallel TAO and TSO bodies. The state’s ability to effectively plan and develop grid infrastructure can only be harmed by the addition of competing bodies whose activities will necessarily be less transparent to state bodies, and will entail the creation of an additional layer of bureaucratic oversight and coordination between TSOs.

With regards to the specific example projects identified in the consultation, it is clear when considering these that the motivation behind these proposals are a), a profit-derived desire to hive off essential components of the state’s energy infrastructure for private gain, and b) a lack of confidence on the part of industry in the state’s current energy policy, which is failing to provide reliable generating capacity to meet demand.

In many of the examples provided, including the colocation of demand and generation sites and the creation of “renewable energy parks” it is correctly pointed out that such sites will require backup connection to the national grid. In other words, there is no need for the creation of these private lines/networks in the first place, except to insulate these industrial sites from shortfalls in the supply provided by the national grid.

In this light, the Private Wires proposal can best be understood as an attempt by the government to have its cake and eat it with regard to energy generation. In an effort to promote the current government’s ill thought-out policy of reducing electricity supply at a time when demand is increasing due to electrification, the state has dragged its feet on adding generating capacity to meet increasing electricity demand. The result is that in recent years the national grid frequently experiences amber alerts due to inadequate supply. This has led to numerous senior industry executives and lobbyists publicly criticising the state’s energy policy, and floating the idea of large energy users constructing their own generating infrastructure outside state control.

While the construction of such parallel and privately owned systems directly undermines the state’s policies regarding energy efficiency and weakens the state’s ability to regulate energy generation, it does serve the purpose of allowing the government to push its “energy austerity” agenda on the general public, while having separate rules for business and industry.

**CONCLUSION**

The Workers’ Party is totally opposed to the proposals contained in the private Wires document for the privatisation of all, or any part, of extra electricity transmission or distribution networks to be constructed in this country. The paper presents neither an economic, technical or environmental rationale for privatisation. Indeed, it seems at times to deliberately avoid addressing the reality of competing transmission systems criss-crossing the country with their own pylons, wires, substation etc. It does not look at the examples in countries which have cheap and efficient electricity supply systems under state ownership. Neither, crucially, does it look at the failed experience of the privatisation of utilities and necessary infrastructure wherever it has been attempted. WE believe that what Ireland needs is continued investment in our existing transmission and distribution state-owned companies to continue the service which they have so successfully done for the past 96 years.