

Pre-election 'agreement' was signed with eliminated power station bidder

Auditor General deemed elimination to have been justified

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A company that signed a deal to help the Labour Party formulate its energy plans behind the scenes prior to the 2013 election raised objections about its elimination from the power station bidding process on the strength of its contacts with the Prime Minister, The Sunday Times of Malta has learnt.

An appeal by Energy World during the process to win a lucrative power station and energy supply contract in 2013 flagged the fact that the company had been approached by then Opposition leader Joseph Muscat about a proposal it made to Enemalta under a PN government to build a new power station.

Energy World chairman Stewart William George Elliott is also a director and shareholder of the Valletta Excelsior Hotel.

In a report about the power station bidding process, the National Audit Office said its attention was drawn to statements by Energy World about this agreement.

Energy World's managing director said that in 2011, a confidentiality agreement was entered whereby the company would assist in a "non-public" capacity with the proposal to develop an LNG plant that would allow a 25% reduction in energy tariffs.

The appeal board refuted the apparent expectation by Energy World that they should not have been eliminated from the bidding process on the strength of this agreement.

According to the NAO's report, the appeals board discarded this "claim" as it was deemed unfounded in fact and law, and any expectations that Energy World might have had did not automatically translate into a legal entitlement to be shortlisted.

In comments to The Sunday Times of Malta, MEP David Casa said it was clear the Labour Party had entered into agreements with private entities well before the 2013 election.

This had massive implications on how public money had been used and the adherence to procurements rules, Mr Casa said.

The Labour Party has always been quick to dismiss talk of pre-election deals about the power station, and officials vehemently deny even discussing the project with Electrogas, the eventual winners of the billion-euro contract.

Offshore structures set up by the Prime Minister's chief of staff Keith Schembri and Tourism Minister Konrad Mizzi planned to receive \$2 million from 17 Black, according to a leaked e-mail.

A joint investigation by the Times of Malta and Reuters revealed that 17 Black was owned by power station investor Yorgen Fenech.

The NAO said it did not have any evidence to support claims of a pre-election deal with Electrogas and was limited by its mandate, which does not extend its review to political parties.

A spokesman for the Prime Minister's Office told The Sunday Times of Malta that Dr Muscat's central pledge to reduce energy tariffs by 25% "did not come out of thin air".

The spokesman said the Labour Party had met with Energy World and signed a confidentiality agreement for mutual exchange of information.

According to the spokesman, the agreement foresaw that "opportunities" in the future would be subject to all required corporate, governmental, public procurement requirements.

"In fact, that is exactly what happened. The competitive process was fair and transparent and managed by strict governance. Energy World were not shortlisted and they filed an appeal," the spokesman said. Asked if any other agreements had been signed, the spokesman replied in the negative.

Questions sent to Energy World about the agreement were not answered by the time of writing.

The Auditor General deemed Energy World's elimination to have been justified, though it noted that other instances of non-compliance in cases identical to that subject to appeal, were allowed to progress to the request for proposals stage.

Inconsistencies in the approach taken during the selection process was one of the main criticisms by the NAO of the power station project in a recently published report.