EAST AFR. PROT

21098

C O
21093
REC 7 APR 19

389

Nairobi Electric Power & Lighting Co. Ltd.

1919

7TH APRIL

Last previous Paper.
17046

NAIROBI ELECTRIC CONCESSION.

Reports receipt of advice that owing to drought Ruere River is practically useless as source of hydraulic power and that there is consequently a shortage of current. Requests information as to Gov's tel to S. of S. and action to be taken against Coy. Comments on question of future policy.

Mr. Lyttelton.

On March 13th the Govr asked for permission to settle this matter with the Company's representative.

On March 15th, if this report is correct, it said that drastic action should be taken against the Company — which would be so bad a start towards an amicable settlement that I cannot but think it has been misreported.

On the other hand, until the letter is in we are wrong to comment now, except that I should note for future guidance that any ground for telling that the Govt concession

Next subsequent Paper.
21275

(Dup.—Ab.) Wt. 8018—21. 50m. 11/18. D & S. G. 1929/41.

[illegible] in 1916 [illegible] by
[illegible] fact that the Prov. Govt. in
[illegible] said that on the Thika water
[illegible] and water available before
Dec. 1915 the Co. would provide
steam plant. People don't expect to
be asked to incur large [illegible]
expenditure on an [illegible]
Pub. May that [illegible]
[illegible] have [illegible]
[illegible] dated [illegible]
Govt. [illegible]
[illegible]
the Coal [illegible] the
E. A. P. [illegible]
the [illegible]
[illegible]
[illegible]
[illegible]

[illegible]
16. 3. [illegible]
[illegible]

[illegible] in 1916 to be [illegible] by
[illegible] fact that the Prov. Govt. is
[illegible] said that on the Thika water
[illegible] and will be available before
Dec. 1915 the Co. would provide
steam plant. People don't expect to
be asked to incur large [illegible]
expenditure on an [illegible]
? Lab. may that [illegible]
be borne [illegible]
indicated that [illegible]
Govt. and [illegible]
[illegible]
the local [illegible]
S. of S. [illegible]
the [illegible]
[illegible]
[illegible]

Letter [illegible]
16. 3. [illegible]
[illegible]

C O
21093
RECEIVED 7 APR 19

50, Mark Lane,
LONDON, E.C.3.

390

7th April, 1919.

Sir,

I am desired by my Directors to inform you that the Company has received cabled advices from its Manager at Nairobi, to the effect that the drought there was continuing and, in consequence, the Ruaro River upon which the Company relies as the main source of its power supply is, for the time being, practically useless for that purpose, with the result that although the Company has steam and water driven plant capable of producing 800 H.P., to cope with a maximum demand of under 500 H.P., there is a shortage of supply and the gravest inconvenience is being caused to the public.

My Directors are informed by the same cable advice that at a meeting held on the 15th.ultimo with representatives of the Government, the Governor stated that "drastic action" would be taken against the Company and that he was "cabling London". From this it is inferred that he was cabling to the Secretary of State for the Colonies and my Directors having no information as to the nature of the action which it is proposed to take against the Company, would request that you will be good enough to give them information on this point at a date as early as possible, in view of the fact that such a matter must necessarily have an intimate connection with the question of future policy mentioned in the following paragraphs.

2. In the same cable, the Company's Manager asks

The Under Secretary of State
for the Colonies,
Colonial Office,
London, S.W.1.

My Directors 'to state our policy for providing further plant or otherwise for public and Government information' and they infer that it is at the request of the Protectorate Government that this question is asked.

In this connection the Company must point out that the intensity of the present drought is entirely without precedent and has brought into existence circumstances which were not in the contemplation of either the Government or themselves when in 1906 the present contract was entered into, which was based upon the assumption that the water power facilities reserved to the Company by the Government would be ample to provide sufficient power for the needs of the District.

In consequence of the delays which have occurred in the settlement of the future source of water power to be used by them, the Company have already installed steam driven plant capable of delivering power equal to more than 2/3 of their water power installation, and in consequence of the results which are now shown to be possible by the present unprecedented drought they are in course of providing such further steam plant as to make the steam installation of greater output capacity than is their hydraulic one.

That a concern which undertook certain obligations on the assumption that its operations should be hydraulic should be driven by circumstances beyond its control to provide a supplementary steam installation of equal capacity as a stand-by, is a great hardship which the Company fears is not sufficiently taken into consideration by the Government, indicating as it does that the main asset

my Directors "to state our policy for providing further plant or otherwise for public and Government information" and they infer that it is at the request of the Protectorate Government that this question is asked.

In this connection the Company must point out that the intensity of the present drought is entirely without precedent and has brought into existence circumstances which were not in the contemplation of either the Government or themselves when in 1906 the present contract was entered into, which was based upon the assumption that the water power facilities reserved to the Company by the Government would be ample to provide sufficient power for the needs of the District.

In consequence of the delays which have occurred in the settlement of the future source of water power to be used by them, the Company have already installed steam driven plant capable of deliveries lower equal to more than 2/3 of their water power installation, and in consequence of the results which are now shown to be possible by the present unprecedented drought they are in course of providing much further steam plant as to make the steam installation of greater output directly than is their hydraulic one.

That a concern which undertook certain obligations on the assumption that its operations should be hydraulic should be driven by circumstances beyond its control to provide a supplementary steam installation of equal capacity as a stand-by, is a great hardship which the Company fears is not sufficiently taken into consideration by the Government, indicating as it does that the main asset

given by Government to the Company on its undertaking the obligations [illegible] to be quite different to what it was thought to be.

[illegible] does not claim that the Government [illegible] of Nature as exemplified by the [illegible] to tell that the Government [illegible] that they were [illegible] of power supply [illegible]

[illegible] Company would most earnestly [illegible] urging that the [illegible] were insufficient for the demands [illegible] 1912 the Government appropriated the [illegible] and, instead of allocating to the [illegible] main of the falls reserved to the Company, when [illegible] to do, entered into negotiations with the Company for a wholesale alteration of the contract, and that before taking part in such negotiations the Company

clearly pointed out to the Government what would result (and has unfortunately resulted) if the negotiations were protracted.

That in January 1914 both parties considered that these negotiations had been satisfactorily completed and both acted upon the terms agreed.

That later the Government refused to further carry out its side of the bargain unless certain modifications, detrimental to the Company, were included in the arrangement and, that since, it has passed legislation, which only awaits your sanction to become law, which will render the arrangements it entered into illegal.

That the Government has, therefore, in effect, repudiated the definite arrangement it came to (and which was in addition approved by your predecessors in office) unless the Company consents to accept the further alterations which would be necessary in order to comply with the provisions of its proposed new law, communications on which subject are still passing between us.

(b) That even in respect to the original contract, the Government's proposed new legislation is so drafted as to inflict the gravest injustice upon the Company. We have already protested to you on this subject and a further communication is in course of preparation in compliance with your request for more information.

(c) That on January the 28th. last a public meeting was held at Nairobi by consumers of electric current on account of the state of the supply, at which Mr. Meiklejohn, a former

employee of the Company who is now the Government's electrical expert, and who took a prominent part in the proceedings is reported to have stated that he was present as authorised by the Government to furnish all possible information.

Mr. McBlain is reported to have made statements traducing the Company's auxiliary steam plant and in view of the authority given to his statement as being on behalf of the Government, the Company is entitled to know what is considered by the Government to be wrong about the plant and would submit that the position is manifestly impossible, if when the Company puts in certain plant on the advice of their technical advisers, Consulting Engineers of repute, who were chosen under arrangement with the Government and whose superintendence was a specific part of the contract to safeguard the Government as to the provision of proper plant, the local advisers to the Government can publicly and without previous communication to the Company, hold it up to obloquy.

(d) That at the same meeting it is reported to have been stated by the Chairman, without contradiction by the Government's representative, that the existing contract between the Government and the Company had probably lapsed, making it one of the considerations before the meeting whether any further contract should be entered into with the Company, and it therefore becomes necessary for the Company to ask, before considering their future policy, whether the Government, who are the other parties to the contract claim that it has lapsed or not.

It will, we are confident, be apparent to you that the

fruition of either of the different contingencies above outlined, necessitates a different policy as regards the provision or non-provision of plant, and the existing state of uncertainty, which is the result of the acts of the Government, having produced deplorable results greatly to our detriment and to that of our Consumers, who not knowing the full facts of the case, not unnaturally hold the Company to blame, we would respectfully ask you to cause a strict and impartial enquiry, unaffected by the advice of those we allege to have been greatly the cause of the trouble, or those who are direct sufferers by the results, to be made into the whole matter and to report on what is necessary to bring the existing lamentable state of affairs to an immediate conclusion, as under the present situation of uncertainty and ill-feeling the Company would beg to represent that an immediate and final solution would thus be best achieved and is also called for in justice to all concerned.

I have the honour to be

Sir,

Your obedient servant,

For and on behalf of

The Nairobi Electric Power & Lighting Co., Limited.

Secretary.

M.O.

21098/19 Ea

[illegible]

[illegible] contract with the Nairobi Electric Power Supply, [illegible] one dated the 3rd March in which Mr [illegible] asked to be allowed [illegible] to arrive at a settlement with the Company's local representatives

Lord Milner approved of the

Copy to [illegible]

210981/19 Rad.

Sir Power

April 1919

[illegible] the [illegible]

[illegible] ment his [illegible] he has [illegible] for the last expiring [illegible] contract with the Kandalai Electric Power Lighting Co. Ltd. is one dated the 31st of March in which he & others asked to be allowed to endeavour to arrive at a settlement with the Company's local representatives.

Lord Milner approved of the

Copy to Sir Ap. 30.

proposal & he ~~trusts~~ hopes that the discussion will have a successful result.

I am to add that a copy of your present representations will be sent to the Postmaster General.

proposal & he ~~trusts~~ hopes that the discussion will have a successful result

I am to add that a copy of your present representations will be sent to the Foreign Office