

## CHEAPER DOMESTIC ELECTRICITY

Dec. 22.

THE announcement by the Municipal Electricity Department of a substantial reduction in the cost of lighting and other domestic supply is not only gratifying to the consumer but a tribute to the efficiency of the service and the correctness of the policy pursued over a number of years. The reduction consists of bringing down the lighting rate from thirteen tael cents to eleven tael cents per kilowatt hour, and there is further the inauguration of a domestic utility rate which provides for the supply of all current for household purposes other than lighting and for fans at three tael cents per kilowatt hour. In this connexion it is but just to point out that no corresponding drop in power rates is taking place just now, the reason being that they are considered sufficiently satisfactory. Of old a vague suspicion stuck at the back of the domestic consumer's mind that the power rates differentiated against him, and so from time to time criticism was heard from various quarters of the policy of the Department. The fact that now domestic consumers are to receive this reduction should prove the best answer to these critics. Rather curiously just about the present time rumours have gone the rounds that an increase in the power rates was in contemplation, but we understand that they are without foundation, and everything points to the contrary. The present reduction comes as a pleasant culmination to a struggle with a series of adverse factors which has perhaps not been generally recognized to have been in progress for a considerable period.

During the past few years, the Electricity Department has passed through three distinct phases. The first of these was associated with the boom period when the call for supply was insistent and the ability to meet the demand was strained sometimes beyond breaking point. During this phase, every available unit of plant was operated to its full capacity, and the capital represented by the plant, as a consequence, was being utilized to the utmost. Furthermore, at that time the purchase of individual plants by industrial concerns was impossible, and hence the charges to be paid for the desired supply were of secondary consideration provided that the supply could be obtained. Following this came the second phase, represented by the reaction following the boom, when, concurrent with the installation by the Electricity Department of a sufficiency of generating plant to meet existing and prospective demands, the slump set in. Even so, the world's engineering industries were still struggling with strikes and with more orders for Home deliveries than could be handled. Hence, the competitive element represented by the potential installation of individual plants in Shanghai was largely absent. On the other

hand, a new adverse element began to be apparent, in that the demand for Municipal electricity failed to materialize in accordance with expectations or in proportion to the capital outlay represented by the plant installed, and this situation was aggravated by the fact that such plant was perforce purchased when the highest prices were ruling. It was at this time that it came to be recognized that strenuous efforts would have to be exerted if the Electricity Department were to maintain its position as an economically successful undertaking and, with the coming into being of the third phase, there were periods when it seemed as though the utmost effort could not avert a serious setback.

This third phase in the series witnessed the continuance of the slump, aggravated by the wholesale curtailment of the local textile and flour-milling activities, carrying with it a corresponding fall in the Electricity Department's revenue from these sources. Concurrently, the world's engineering industry began to seek outlets for its products, offering individual plants at pre-war prices, post-war efficiencies, and generous credits, and, in many cases, putting forward promises of performance very attractive to industries already sorely beset to effect the economies necessary to maintain a profitable existence. The action authorized by the Council and the consequent scope given to those responsible for the handling of the Electricity Department's affairs, coupled with the very fullest advantage being taken of the Department's potential ability to generate and supply electric energy at far lower cost than that attainable by relatively small individual plants, has enabled the Electricity Department, not only successfully to counter the adverse factors enumerated, but also to redeem its promise to reduce the cost of domestic supply by a very considerable percentage. This achievement, has not been the work of weeks or months, but is rather the outcome of policy dictated by those associated with the administration of the undertaking during the past years. As has been shown these have in no sense been easy years, in fact there must have been many periods of the gravest anxiety and the Department assuredly deserves congratulation on its success in overcoming such difficulties.