



CENTRAL ELECTRICITY BOARD



ANNUAL REPORT 2014  
**POWER SUPPLY CHALLENGES**

## OUR VISION

A world-class commercial electricity utility enabling the social and economic development of the region



## OUR MISSION

We meet the expectations of our customers and stakeholders by:

- Delivering prompt and efficient customer services
- Developing our employees and providing them with incentives
- Providing an affordable, safe, and reliable electricity supply
- Undertaking our business in an environmentally responsible manner
- Being the preferred employer in the region



## OUR CORPORATE VALUES

- Respect, Honesty and Loyalty
- Pride and Ownership
- Courteous, Excellent Service
- Superior Performance
- Team Culture





# CONTENTS

|                                    |        |
|------------------------------------|--------|
| Corporate Profile                  | 4-5    |
| Corporate Governance               | 6-21   |
| General Manager's Review           | 22-24  |
| Key Facts                          | 24     |
| <br>                               |        |
| Review of Operations               |        |
| Production                         | 25-31  |
| Transmission and Distribution      | 32-40  |
| Customer Services                  | 41-47  |
| Human Resources                    | 48-52  |
| Information Technology             | 53-54  |
| Supply Chain                       | 54     |
| Corporate Planning                 | 55-58  |
| Rodrigues                          | 59-62  |
| <br>                               |        |
| Management Discussion and Analysis | 63-70  |
| <br>                               |        |
| Report of the Director of Audit    | 72-73  |
| <br>                               |        |
| Financial Statements               | 74-103 |



# Electricity

[ from Power Station to Customer\* ]

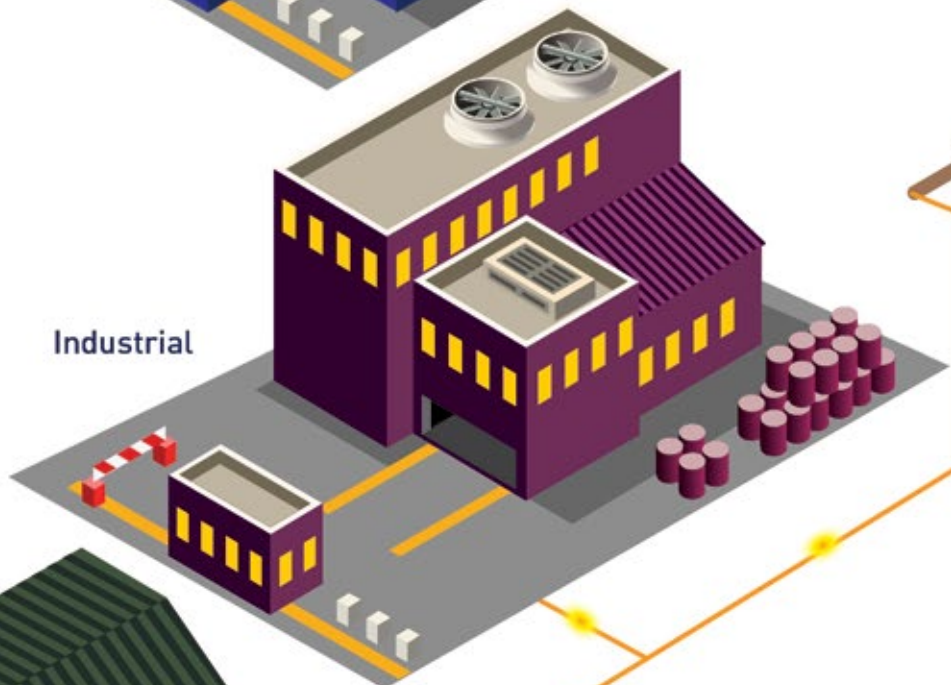
## Power Stations

Fuel oil  
Coal  
Bagasse  
Hydro  
Landfill Gas  
Solar PV

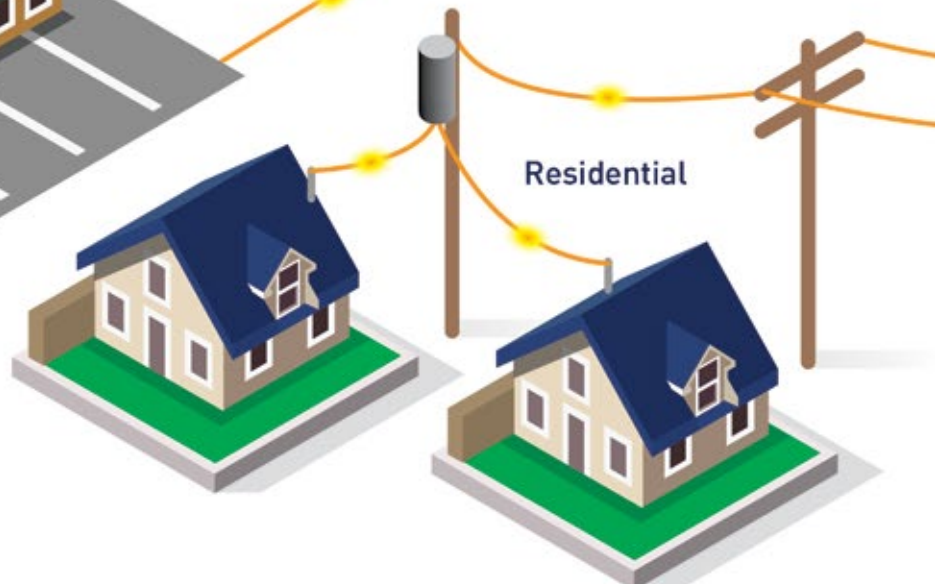
Generation 2014:  
2,642 GWh



Industrial



Commercial



Residential

Customers 2014: 429,971  
Sales 2014: 2,421.6 GWh

\* Mauritius

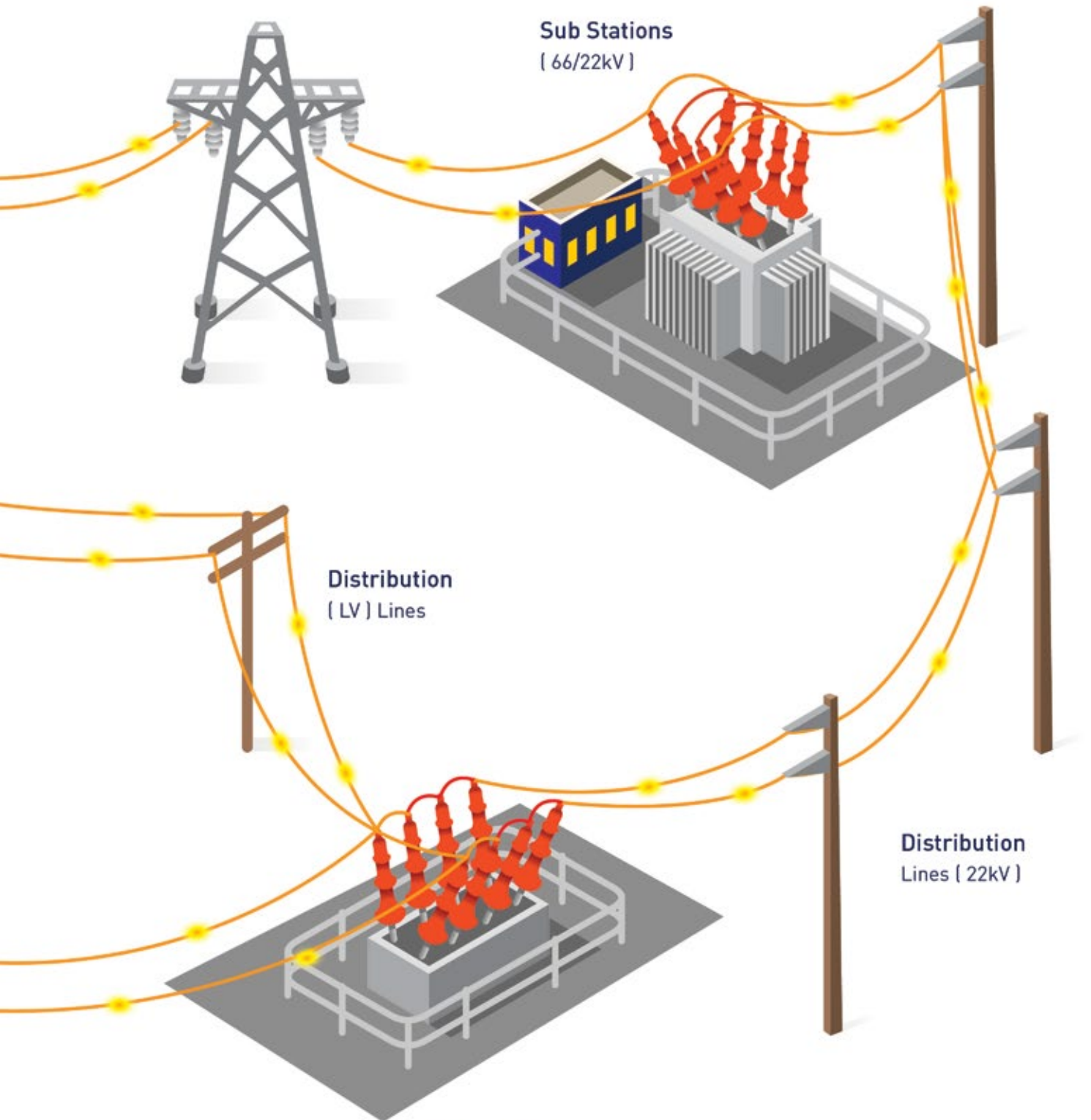
**High-Voltage**  
Transmission Lines ( 66 kV )

**Sub Stations**  
( 66/22kV )

**Distribution**  
( LV ) Lines

**Distribution**  
Lines ( 22kV )

**Transformers**  
( 22 kV > 415 / 230 V )







## CORPORATE PROFILE

The Central Electricity Board (CEB) is a parastatal body wholly owned by the Government of Mauritius and reporting to the Ministry of Energy and Public Utilities. Established in 1952 and empowered by the Central Electricity Board Act of 25 January 1964, the CEB's business is to "prepare and carry out development schemes with the general object of promoting, coordinating and improving the generation, transmission, distribution and sale of electricity" in Mauritius and Rodrigues Island.



### History

The CEB was constituted on 8 December 1952 in accordance with the provisions of the first Central Electricity Board Ordinance 1951. It took over the functions and assets of the individual electricity undertakings operated by the Department of Electricity and Telephones, and the Electric Generating Power Company.

At the time of Independence in 1968, the national rural electrification program got under way. As the population increased and habitations cropped up all over the island, the CEB had to expand its networks to connect schools, water pumping stations, housing estates and allotments, as well as various industries.

As from the early 1970s, further network extension took place to supply new sectors such as tourism and textile. By 1981, the national rural electrification programme was completed, with about 153 villages and housing estates connected to the grid.

Over the years, the CEB has set a proven record of providing reliable, safe and affordable electricity supply to the country, through massive capital investment in new generation capacity and development of the electricity infrastructure.

Today, Mauritius enjoys a more diversified economy, an extensive network of electricity supply facilities, and the benefits of a stable and continuous electricity supply.



## Vision and Strategic Objectives

The vision of the CEB is to become a world-class commercial electricity utility enabling the social and economic development of the region.

The utility's main strategic objectives are:

- To ensure the sustainability of the business through balanced financial, social and environmental decision-making;
- To optimise the use of assets, resources and skills;
- To balance supply and demand of energy for security of supply;
- To exploit alternative and renewable sources of energy;
- To promote energy conservation; and
- To enhance customer service delivery.



## Outlook

The needs of Mauritius in terms of energy will inevitably increase in the coming years, as the country strives to embark on a higher growth trajectory in a harshly competitive world economy. With the volatility in prices of primary energy on the world market, the CEB will be faced with the difficult task of maintaining a fair balance between financial sustainability of the utility and price affordability for its customers.

The key for a secure and sustainable energy future is to create a sufficiently broad energy portfolio, with more emphasis laid on renewable energy sources and the exploitation of alternative sources of energy, while being sensitive to energy conservation and environmental protection.



## CORPORATE GOVERNANCE

In compliance with the Code of Corporate Governance for Mauritius, this section delineates, *inter alia*, the corporate governance structures in place at the CEB and describes the organisation of the Board's business. It also sets out the systems and processes established for maintaining and monitoring internal controls, as well as for identifying and managing risks. Moreover, it outlines the efforts made for enhancing corporate social responsibility and communication with stakeholders.

The CEB views good corporate governance practices as an integral part of good performance. As a parastatal body wholly owned by the Government, the utility is committed to fulfilling its mandate in a manner which is consistent with good governance practices, in particular, with regard to accountability, transparency, responsibility and ethics.

The year 2014 was a particularly challenging one for the CEB, due to the variety and complexity of the issues that had to be dealt with. Sixty-eight meetings of the Board of Directors and Sub-Committees were held during the review period and numerous matters were discussed and resolved. They include the meetings of additional sub-committees, namely the Environment Committee and the Investment & Strategic Committee, that were established to assist with the resolution of specific issues.

## GOVERNING BODIES

The direction, control and accountability of the business of the CEB are vested in the Board. The fulfilling of these responsibilities is facilitated by a well-developed governance structure comprising various Board Sub-Committees. Management is accountable and subject to the control of the Board and operates within the policy framework laid down by the latter.

Business is conducted in accordance with the CEB Act, other relevant statutory provisions, and the principles of good corporate governance. All functions are exercised honestly, in good faith, with due care and diligence and in the best interests of the CEB and its stakeholders.







## The Board

The Board is ultimately responsible and accountable for the performance and affairs of the organisation. It subscribes to sound corporate governance principles and ensures that the highest standards of business ethics, honesty and integrity are maintained.

The role and functions of the Board include:

- Providing strategic direction and leadership;
- Reviewing objectives, strategies and structures with a view to satisfying stakeholders' interests;
- Ensuring that the CEB complies with all relevant laws, regulations, codes of best business practice, and guidelines laid down in the Code of Corporate Governance;
- Ensuring greater levels of fairness, transparency and accountability in the decisions and acts of the CEB;
- Ensuring the integrity of CEB's accounting and financial reporting systems, including the independence of audit, control systems, systems for the monitoring and managing of risks, financial control, and compliance with law and relevant accounting standards;
- Overseeing the process of disclosure and communication; and
- Ensuring that the utility develop a succession plan, both for its executive directors and senior management.



## Composition of the Board

In accordance with the CEB Act, the Board is constituted of a Chairman, the General Manager and nine other members. The latter are drawn from diverse backgrounds and they bring a wide range of experience and professional skills to the Board.

The Chairman and members of the Board are appointed by the Minister to whom responsibility of the Board is assigned in accordance with Section 2 of the CEB Act. The General Manager is appointed by the Board.

The profiles of the directors for the year 2014 are given hereunder. None of the Directors, who held office at the end of the financial year, had any interest in the affairs of the CEB.

## Composition of the Board



**Balraj Narroo, MSK**  
*Chairman*

Age: 53  
Qualifications: BSc Occupational Health and Safety



**Shiam Krisht Thannoo**  
*General Manager*

Age: 48  
Qualifications: B.Tech (Hons), MBA, CRPE



**Dr. P. M. K. Soonarane**  
*Representative of the Ministry of Energy and Public Utilities*

Age: 57  
Qualifications: BSc (Hons) Mechanical Engineering; MSc Advanced Mechanical Engineering; PhD Renewable Energy  
Position: Deputy Director, Technical Services, Ministry of Energy and Public Utilities



**Claude Wong So, OSK**  
*Representative of the Institution of Engineers*

Age: 62  
Qualifications: BSc Civil Engineering, University of Nairobi, Kenya; MSc Occupational Hygiene, University of Newcastle Upon Tyne, U.K; Fellow Institution of Engineers Mauritius (FIEM); Fellow Institution of Occupational and Safety Management Mauritius (FIOSHM); Retired Fellow Institution of Occupational Safety UK (FIOSH)  
Position: President of Institution of Engineers Mauritius, Chairman of Airport of Rodrigues Ltd



**Shivdutt Bheechook**  
*Member with experience in Agricultural, Industrial, Commercial, Financial, Scientific or Administrative Matters*

Age: 69  
Qualifications: M.A Economics  
Position: Chairman Irrigation Authority



**Rohit Mungra**  
*Representative of the Central Water Authority*

Age: 65  
Qualifications: B.Tech (Civil); Dipl. in Public Health Engineering; Dipl. in Water Quality Control  
Position: Senior Advisor, Central Water Authority



**Abdool Feroze Acharauz**  
*Member with experience in Agricultural, Industrial, Commercial, Financial, Scientific or Administrative Matters*

Age: 50  
Qualifications: Dip. Personnel Management; Cert. Safety Mgt; Fellow Chartered Institute of Mgt UK; Associate of International Institute of Risk & Safety Mgt  
Position: HR Manager, Panache & Co Ltd

**Mrs Sadhna Appanah***Representative of the Ministry of Finance and Economic Development*

Age: 50

Qualifications: BA Hons.in Economics and Management; MBA Finance

Position: Lead Analyst, Ministry of Finance and Economic Development

**Deepnarain Seebaluck***Representative of the Electricity Advisory Committee (Urban)*

Age: 47

Qualifications: B.Tech (Hons) Civil Engineering; MSc Engineering Project Management; Registered Professional Engineer of CRPE; Associate Member of the Association of Project Managers; Member of the National Land Drainage Committee; Member of the Regional National Disaster Risk Reduction Committee

Position: Head Public Infrastructure Department, Municipal Council of Curepipe

**Haroon Rashid Duffaydar***Representative of the Electricity Advisory Committee (Rural)*

Age: 54

Position: Member of District Council of Pamplemousses

Board meetings are scheduled annually in advance. Special meetings are convened as necessary to address specific issues. The attendance of members at the 22 Board meetings (including 7 special meetings) held during the reporting period is shown hereunder.

**BOARD MEETINGS 2014**

|                               | No. of Meetings Attended | Overall Percentage (%) |
|-------------------------------|--------------------------|------------------------|
| Balraj Narroo, MSK (Chairman) | 22 of 22                 | 100                    |
| Shiam Krisht Thannoo          | 22 of 22                 | 100                    |
| Dr. P. M. K. Soonarane        | 22 of 22                 | 100                    |
| C. Wong So, OSK               | 19 of 22                 | 86                     |
| S. Bheechook                  | 20 of 22                 | 91                     |
| R. Mungra                     | 22 of 22                 | 100                    |
| F.A. Acharauz                 | 22 of 22                 | 100                    |
| Mrs S. Appanah                | 18 of 22                 | 82                     |
| D. Seebaluck                  | 20 of 22                 | 91                     |
| H.R. Duffaydar                | 20 of 22                 | 91                     |

**Directors' Remuneration**

During the year 2014, the fees paid to Directors amounted to Rs 2,084,522 (excluding the Chairman and General Manager).

The Chairman was paid a monthly fee of Rs 108,000. The monthly salary of the General Manager amounted to Rs 185,000.

All other Board Members were entitled to a monthly fee of Rs 10,000 in respect of attendance to the main Board meetings. No fee was payable if a Board Member absented himself during a calendar month. Likewise, the fee was not payable if there was no Board meeting in a calendar month.

In regard to attendance at Sub-Committee meetings, the monthly fee payable to a member was Rs 6,000. The Chairman of a particular Sub-Committee was paid a monthly fee of Rs 8,000. No fee was payable in case of the absence of a member; or the non-holding of a Sub-Committee meeting during a calendar month.



## Board Committees

In the conduct of its duties, the Board is assisted by five Committees, namely, the Finance Committee, the Investment and Strategic Committee, the Staff Committee, the Audit and Risk Committee, and the Environment Committee. Each Committee operates within its defined terms of reference that set out the composition, role, responsibilities, and delegated authority. Matters are discussed in advance at the level of these committees before they are presented to the Board.

### Finance Committee

The Finance Committee is made up of four Non-Executive Directors and the General Manager. The Committee reviews and makes recommendations to the Board on the financial situation, the budget and the evaluation of tenders.

The functions of the Committee include the:

- Examination of tender evaluation reports prepared by Management in respect of tenders whose value exceeds Rs 10 million and submitting recommendations to the Board for their award;
- Examination of Capital and Revenue Budgets, Cash flow Statements, Management Accounts and Financial Statements; and
- Analysis of proposals for tariff review.

Twelve Finance Committee meetings were held during the year 2014.

#### FINANCE COMMITTEE MEETINGS 2014

|                        | No. of Meetings Attended | Overall Percentage (%) |
|------------------------|--------------------------|------------------------|
| R. Mungra (Chairman)   | 12 of 12                 | 100                    |
| Dr. P. M. K. Soonarane | 11 of 12                 | 92                     |
| Mrs S. Appanah         | 12 of 12                 | 100                    |
| C. Wong So, OSK        | 9 of 12                  | 75                     |
| S.K. Thannoo           | 10 of 12                 | 83                     |

### Investment and Strategic Committee

The Investment and Strategic Committee is made up of four Non-Executive Directors and the General Manager. The Committee advises on, and monitors, the major investments undertaken by the CEB.

Ten Investment and Strategic Committee meetings were held during the year 2014.

#### INVESTMENT AND STRATEGIC COMMITTEE MEETINGS 2014

|                        | No. of Meetings Attended | Overall Percentage (%) |
|------------------------|--------------------------|------------------------|
| R. Mungra (Chairman)   | 10 of 10                 | 100                    |
| Dr. P. M. K. Soonarane | 10 of 10                 | 100                    |
| Mrs S. Appanah         | 10 of 10                 | 100                    |
| C. Wong So, OSK        | 9 of 10                  | 90                     |
| S.K. Thannoo           | 9 of 10                  | 90                     |

### Audit and Risk Committee

The Audit and Risk Committee is made up of four Non-Executive Directors and ensures that risks, audit and internal control are properly addressed. Furthermore, the Committee examines the annual financial statements and reviews the financial aspects of transactions which are considered as significant.

The functions of the Audit Committee include:

- Monitoring important risk areas and ensuring that these are being effectively addressed by Management;
- Monitoring the effectiveness of the system of internal control, accounting practices, information systems and internal audit;
- Evaluation of the financial management and auditing policies of the CEB;
- Review of the financial reporting process to ensure CEB's compliance with the applicable laws and regulations;
- Examination and review of the annual financial statements;
- Examination of accounting and auditing concerns identified by internal and external audit;
- Ensuring integration of internal control and risk management;
- Making recommendations to the Board on risk policies;
- Examination of risk reports on the cash flow position of the CEB, market changes, the current situation in terms of interest rate, exchange rate and commodity prices, and forecasts; and
- Providing advice on financing arrangement and structure.

In 2014, the Audit and Risk Committee met on five occasions.

### AUDIT AND RISK COMMITTEE MEETINGS 2014

|                              | No. of Meetings Attended | Overall Percentage (%) |
|------------------------------|--------------------------|------------------------|
| Mrs S. Appanah (Chairperson) | 5 of 5                   | 100                    |
| S. Bheechook                 | 5 of 5                   | 100                    |
| F.A. Acharauz                | 5 of 5                   | 100                    |
| D. Seebaluck                 | 5 of 5                   | 100                    |

### HR Committee

The HR Committee consists of four Non-Executive Directors and the General Manager. Its specific terms of reference include direct authority for, or consideration of, and recommendations to the Board on, matters relating to, *inter-alia*:

- Human resource strategies;
- Selection and appointment;
- Remuneration and performance management;
- Training and development;
- Industrial relations; and
- Succession planning.

Sixteen meetings of the HR Committee were held during the review period.

### HR COMMITTEE MEETINGS 2014

|                        | No. of Meetings Attended | Overall Percentage (%) |
|------------------------|--------------------------|------------------------|
| F.Acharauz (Chairman)  | 16 of 16                 | 100                    |
| Dr. P. M. K. Soonarane | 16 of 16                 | 100                    |
| S. Bheechook           | 14 of 16                 | 88                     |
| D. Seebaluck           | 13 of 15                 | 87                     |
| S.K. Thannoo           | 14 of 16                 | 88                     |

### Environment Committee

The overall responsibility of the Environment Committee is to oversee, and maintain a continuing review of, the environmental affairs of the CEB relative to national and international standards, and in respect of shareholders and public opinion. It consists of four Non-Executive Directors and the General Manager.

The specific terms of reference of the Environment Committee include:

- Establishment of an environmental strategy for the CEB and ensuring that Management implements the strategy as established;
- Setting of disclosure requirements for environmental reporting that as a minimum meet, but may, at the Committee's discretion exceed, national requirements;
- Verification of the adequacy and integrity of internal environmental control and reporting systems, and approval of appropriate risk management strategies for environmental stewardship;
- Ensuring CEB's ability to contribute to the sustainable development of Mauritius, balancing environmental best practice with fiscal responsibility for the long-term interest of the utility.

Three meetings of the Environment Committee were held during the review period.

### ENVIRONMENT COMMITTEE MEETINGS 2014

|                            | No. of Meetings Attended | Overall Percentage (%) |
|----------------------------|--------------------------|------------------------|
| C. Wong So, OSK (Chairman) | 3 of 3                   | 100                    |
| F. Acharauz                | 3 of 3                   | 100                    |
| R. Mungra                  | 3 of 3                   | 100                    |
| H.R. Duffaydar             | 3 of 3                   | 100                    |
| S.K. Thannoo               | 3 of 3                   | 100                    |

### Major Decisions of the Board

The major decisions of the Board during 2014 were as follows:

- Approval of Partnership for Infrastructure Leasing with EMTEL for Fibre-to-Home (FTTH) project;
- Renaming of the Réduit Hydro Power Station as Amode Ibrahim Atchia Hydro Power Station;
- Approval for the decommissioning of Pielstick Unit No. 5 at Saint Louis Power Station in order to clear the site for the redevelopment of the power station;
- Approval of the signature of an agreement with Mauritius Post Ltd in relation to the use of post office facilities in Rodrigues for the payment of electricity bills;
- Approval for Consolidated Energy Ltd (CEL) to proceed with its trial for the burning of some 10,000 MT of Arundo Donax for the production of electricity;
- Took note of the signature of an Energy Supply and Purchase Agreement (ESPA) with Synnove Solar (Mauritius) One Ltd in respect of the setting up of 2 x 2 MW Solar farms ;
- Took note of the relocation of the Head Office, Curepipe to the new Corporate Office at Ebène;
- Approval for Management to start discussions with the following promoters in respect of the setting up of renewable energy projects:
  - Ultimate Power Producer Co. Ltd. (Waste-to Energy-Project) – 12.7 MW
  - SETL (Solar Photovoltaic Project) – 15 MW
  - The Plains Solar Power Ltd. (Solar Photovoltaic Project) – 20 MW
  - OMNISOL (Solar Photovoltaic Project) – 9 MW
- Approval to proceed with the signature of the Amended Agreement No. 3 to the Power Purchase Agreement (PPA) between the CEB and Consolidated Energy Ltd (CEL);
- Took note of the signature of the Mauritius CT Power Project (100 MW) Coal Supply Agreement, Shareholders Agreement and Land Sub-Lease Agreement;
- Approval of the increase of pension payments to pensioners for period 2013-2017;



- Approval of the execution of Collective Agreements with the three CEB Unions (CEBSA, CEBWU, & UECEBOES) in respect of the review of pay structures and terms and conditions of employment for period 01 July 2013 to 30 June 2017;
- Approval for the Corporate Planning & Research Department to examine the proposed Waste-to-Energy project, and for the Negotiation Panel to open discussions without commitment to the promoter on the technical aspects of the project;
- Approval for the organisation of an official ceremony to mark the successful completion by trainees of a two-year technical training programme at the CEB Training School;
- Took note of the architectural drawings of the proposed Transport Workshop, Transformer Workshop, and Store at L' Avenir;
- Took note of the architectural drawings of the proposed Green Building at La Mivoie;
- Approval of the purchase of a new engine block from MAN Diesel & Turbo for MAN Engine G 7 in Rodrigues;
- Approval of tariffs applicable to the Beach Authority for (i) Beach lighting and (ii) CCTV cameras installed on public beaches.
- Approval to proceed with the publication of the General Notice to make effective the Stand-by Generation Capacity Charge which will be applicable to new Variable Renewable Energy Generators;
- Resolved to (i) Start discussions, without commitment, with Zeta Pellets for the setting up of a 6.5 MW biomass plant; (ii) Issue a general Letter of Interest to Synnove (10 MW) at Petite Retraite, Plains Solar (15 MW) at Solitude, and Ecobiotech (10 MW) at Petite Julie;
- Took note that a no objection letter has been received from the Mauritius Ports Authority to lease a plot of land at Fort George;
- Approval of the increase of the monthly fee paid by the MBC for the collection of TV licenses; and
- Approval for Management to start discussions without commitment, with WWE Ecology Co. Ltd. for a PV Farm of capacity 2 x 15 MW at Jin Fei, Riche Terre.

## OTHER GOVERNANCE STRUCTURES

### Tender Committee

The Tender Committee assists the Board in making procurement decisions, approves procurement policies, and ensures that CEB's procurement system and processes are fair, transparent, competitive and cost effective. It examines evaluation reports in respect of tenders and makes recommendations for their approval to the General Manager or the Finance Committee, as appropriate.

### Internal Audit

CEB's internal audit function provides the Audit Committee and Management with assurances that the internal controls are appropriate and effective. This is achieved by means of an independent and objective appraisal and evaluation of internal controls and other governance processes.

The Audit Department is fully supported by the Board and the Audit Committee, and has unrestricted access to all organisational activities, records, property and staff.

### Technical Audit

The Technical Audit Unit provides assurance to the Executive Management, through the audit function, on the technical, environmental, quality and safety performance of the CEB. The Unit is responsible for technical audits as well as for quality assurance and incident investigation.

## MANAGEMENT

Management is accountable and subject to the control of the Board and operates within the policy framework laid down by the latter. The profiles of members of the CEB Top Management team are given hereafter.



**Shiam Krisht Thannoo**  
*General Manager*

Age: 48

Qualifications: B.Tech (Hons), MBA, CRPE

Experience: Joined CEB in 1985 as Clerical Assistant; Appointed Engineer in 1996; Appointed Non-Utility Generation Planner in 2002; Appointed Secretary/Non-Utility Generation Manager in 2007; Nominated Officer-in-Charge in November 2010; Appointed General Manager in October 2011



**Gérard Hébrard, O.B.E.**  
*Deputy General Manager  
(up to 05 June 2014)*

Age: 65

Qualifications: Ing. EEMI, AMI. MechE., C. Eng., MIEE.

Experience: Joined CEB in 1966 as Apprentice; Appointed Asst Head of Department (Production) in 1984; Appointed Production Manager in 1989; Appointed Deputy General Manager in 2006



**Hassen Fakim, O.S.K.**  
*Ag. Secretary  
Ag. Deputy General Manager  
(up to 06 May 2014)  
Deputy General Manager (Technical)  
(as from 07 May 2014)*

Age: 61

Qualifications: B.Sc (Hons.); DOSH

Experience: Joined CEB as Cadet Engineer in 1977; Appointed Principal Engineer in 1993; Appointed Production Manager in 2006; Ag Secretary as from Nov 2010; Ag Deputy General Manager from Dec 2013 to May 2014; Appointed Deputy General Manager (Technical) on 07 May 2014



**Prabhakar Sembhoo**  
*Transmission & Distribution Manager  
(up to 06 May 2014)  
Deputy General Manager (Administrative)  
(as from 07 May 2014)*

Age: 62

Qualifications: B.E. (Elec.), MIEEE

Experience: Joined CEB in 1976 as Cadet Engineer; Appointed Principal Engineer in 1998; Appointed Area Manager in 2002; Appointed Transmission & Distribution Manager in 2004; Appointed Deputy General Manager (Administrative) on 07 May 2014



**Darma Veragoo**  
*Ag. Human Resources Manager*

Age: 62

Qualifications: FCCA

Experience: Joined CEB in 1986  
1986-1990: Chief Internal Auditor/Financial Controller  
1990-1992:- Human Resources Manager  
1992-2003:- Chief Internal Auditor/Financial Controller  
2003-2006:- Management Accountant  
Jan 2007-Mar 2008:- Ag. Chief Financial Officer  
Mar 2008-Feb 2012:- Chief Financial Officer  
Mar 2012-Nov 2012:- Treasurer  
Ag. Human Resources Manager as from Dec 2012



**Jadoonundun Charitar**  
*Chief Internal Auditor  
(up to 28 September 2014)*

Age: 65

Qualifications: FCCA., MBA

Experience: Joined CEB in 1969 as Meter Reader;  
1984: Chief Internal Auditor/Financial Controller  
1985: Financial Manager  
2003 to Sep 2014: Chief Internal Auditor



**Jayram Luximon**  
*Customer Services Manager*

Age: 45

Qualifications: DEUG-Sciences Economiques; Diplôme des Hautes Etudes Commerciales et Financières (ESC Pau, France)

Experience: Shop Manager Winners (IBL) 1994-1998; Marketing Manager, Consumer Health, IBL Pharmaceuticals 1998-2005; Appointed Customer Services Manager CEB in 2006



**Shamshir Mukoon**  
*Corporate Planning & Research Manager*

Age: 52

Qualifications: B.Tech (Hons), MBA, CRPE, MIEM

Experience: Joined CEB in 1989 as Cadet Engineer  
1992-2002: Engineer  
2002-2007: Senior Engineer  
2007-2008- Principal Engineer (Generation Planning, New Projects & Power Station Operations)  
Appointed Corporate Planning & Research Manager in 2008



**Chavan Dabeedin**  
*Corporate Administration Manager*

Age: 48

Qualifications: B. Tech (Hons), MBA, MSc, EPSE Bath U.K, MIET, MIEEE, MIDGTE, CRPE

Experience: Joined CEB in Feb 1992 as Trainee Engineer; Appointed Engineer in Aug 1995; Appointed Senior Engineer in Sep 2002; Appointed Principal Engineer in Nov 2007; Appointed Corporate Administration Manager in Aug 2008; General Manager Nov 2008 - Nov 2010, Corporate Administration Manager as from Nov 2010



**Shyam Abacousnac**  
*Information Technology / MIS Manager*

Age: 45

Qualifications: BSc Computer Science; MSc Software Engineering

Experience: Research Officer, National Computer Board 1997-2001; Systems-Analyst, Development Bank of Mauritius Ltd 2001-2002; IT Manager, State Trading Corporation 2002-2006; IT Manager, Wastewater Management Authority 2006-2009; Joined CEB as IT/MIS Manager in March 2009



**Vishwanath Jhummon**  
*Non-Utility Generation Manager*

Age: 62

Qualifications: Bachelor in Technology in Electrical Engineering; PG Diploma in Electric Power Distribution Systems; MBA

Experience: Joined CEB in 1976 as Cadet Engineer; Appointed Senior Engineer in 1983; Appointed Principal Engineer in 2002; Appointed Corporate Administration Manager in 2009; Appointed Non-Utility Generation Manager in July 2012



**Pharad Kurreemun**  
*Acting Chief Financial Officer  
(up to 21 August 2014)*

*Chief Internal Auditor  
(as from 22 August 2014)*

Age: 51

Qualifications: ACMA; CGMA

Experience: Joined CEB in 1985 as Temporary Clerical Assistant; Appointed Meter Reader in 1986; Appointed Auditor in 1993; Appointed Chief Salaries and Wages Officer in 2002; Appointed Administrative/Finance Officer in 2003; Appointed Accountant (Budget & Reporting) in 2005; Appointed Senior Accountant in 2006; Acting Chief Financial Officer Mar 2011-Feb 2012; Officer in Charge Supply Chain Dec 2012- Sep 2013; Acting Chief Financial Officer Oct 2013- Aug 2014; Appointed Chief Internal Auditor as from 22 August 2014





**Rajden Chowdharry**  
*Officer-in-Charge Supply Chain*

Age: 55

Qualifications: B. Tech (Mech), MBA, C Eng, AMIE, MIEM, MIDGTE

Experience: 1989-1991 Cadet Engineer; 1991-1992 Engineer; 1992-2006 Station Superintendent; 2006-2013 Principal Engineer; Officer Supply Chain Department as from Oct 2013



**Ravin Nundlall**  
*Ag. Production Manager*

Age: 55

Qualifications: B.E-Mech; MIEM; RPEM

Experience: May 86 to Nov 87-Trainee Engineer; Dec 87 to Nov 89-Cadet Engineer; Dec 89 to Aug 93-Engineer; Sep 93 to April 2006-Senior Engineer; May 2006 to Nov 2013-Principal Engineer; Ag. Production Manager as from Dec 2013



**Abdool Fezal Azeer**  
*Ag. Transmission & Distribution Manager  
(as from 20 May 2014)*

Age: 57

Qualifications: B.E (Elect), RPEM

Experience: Joined CEB in May 1983 as Trainee Engineer; Appointed Asst Engineer in Sep 1984; Appointed Senior Engineer in Feb 1990; Appointed Principal Engineer in Dec 2007; Acting as Transmission & Distribution Manager as from May 2014



**Kesnalall Balgobin**  
*Officer-in-Charge Finance  
(as from 27 August 2014)*

Age: 51

Qualifications: FCCA, MBA

Experience: Joined CEB in Jan 1984 as Cadet Meter Reader; Appointed Junior Clerk in Aug 1985; Appointed Asst Salaries & Wages Officer in June 1987; Appointed Chief Salaries & Wages Officer in Feb 1991; Appointed Trainee Finance Officer in July 1999; Appointed Business Planning Analyst in Aug 2004; Appointed Accountant in Jun 2005; Appointed Senior Accountant in March 2013; Acting as Officer-in-Charge Finance as from Aug 2014

## COMMUNICATION WITH STAKEHOLDERS

Open lines of communication are maintained to ensure transparency and optimal disclosure. Besides official press communiqués, regular meetings are held with the press to ensure that stakeholders and the public at large are kept informed on matters affecting the utility.

## CORPORATE SOCIAL RESPONSIBILITY

The CEB recognises the need to be socially involved and supportive of the wider needs of the community, more specifically those of less fortunate citizens.

During the review period, a number of assistance schemes were maintained to promote access to electricity to low-income customers and support to those with financial difficulties. They include:

### Low Voltage Network Extension Government Assistance Scheme

This scheme provides assistance to needy households for the supply of electricity to their first and new residences. It is applicable to households whose income band is less than Rs 17,500.

A total of 154 projects were implemented during the year under review in Mauritius and Rodrigues.

## Social Tariff

Special consideration is given to the social dimension of electricity consumption by households. In this respect, the CEB has in place a social tariff (Tariff 110A) which is geared to needy customers. Under this scheme, customers whose monthly consumption does not exceed 75 kWh, benefit from concessionary electricity rates.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility to prepare financial statements, in accordance with applicable accounting standards, rests upon the Directors and, accordingly, the financial statements for the year ending 31 December 2014 have been prepared in compliance with the International Financial Reporting Standards (IFRS). Appropriate accounting policies have been selected and applied consistently and reasonable and prudent judgements have been made, as and when required. Adequate accounting records have been kept and an effective internal control system has been maintained to ensure that all transactions have effectively occurred and have been captured in a reliable information system.

To that effect, the Directors have recruited capable and trained employees to ensure adequate segregation of duties so that no process is carried out from start to finish by one and same person. Furthermore, approval of documents rests upon personnel with appropriate level of authority and integrity. Assets have also been safeguarded from loss, misuse, and fraud. Finally, the Internal Audit Department enhances the internal control system, detecting errors and acting as a deterrent against fraud.

## INTERNAL CONTROL

Management is charged with the responsibility of establishing an effective internal control environment, including adequate internal financial controls. In addition, operational control systems are developed and maintained on an on-going basis to provide reasonable assurance to the Board regarding:

- The integrity and reliability of the financial statements;
- The safeguarding of the organisation's assets;
- The economic and efficient use of resources;
- The verification of the accomplishment of established goals and objectives;
- The detection and minimisation of fraud, potential liability, loss and material misstatement; and
- Compliance with applicable legislation and regulations.

These controls are contained in organisational policies and procedures, structures and approval frameworks, and they provide direction, establish accountability and ensure adequate segregation of duties. They each contain self-monitoring mechanisms.

The Board ensures that an effective internal control framework has been established. The Internal Audit function monitors the operation of the internal control system and reports findings and recommendations for improvement to Management and to the Audit Committee.

The Audit Committee monitors and evaluates the duties and responsibilities of Management and of Internal and External Audit to ensure that all major issues reported have been satisfactorily resolved. Finally, the Audit Committee reports all important matters to the Board.

Over the years, the CEB has regularly upgraded its organisational structure and accounting system so as to produce timely financial statements that present a true and fair view of its state of affairs. An effective internal control system has been developed in all spheres of activities and processes and all transactions are accounted for and recorded in an integrated accounting system.

## PROCESSES

The day-to-day operational activities are performed throughout different organisational processes, which are subject to rules and regulations. The CEB has introduced these rules and regulations over a long period of time in an objective manner to detect and prevent malpractices and corruption. Some of the processes are examined hereafter:

## Accounts Payable

Management is committed to ascertaining that all purchases or services rendered to the CEB are settled in accordance with contractual terms and are adequately recorded. It also ensures that operations in the Accounts Payable Section are as transparent as possible and that necessary internal control is inherent in the system to prevent fraud and corruption. The control framework regarding Accounts Payable is summarised hereunder:

| Framework            | No. of Meetings Attended  |
|----------------------|---|
| Risk Management      | <ul style="list-style-type: none"> <li>• Invoices can be processed only if goods or services have been received and are in accordance with contractual terms as evidenced by authorized persons</li> <li>• Physical access to Accounts Payable Section is restricted to authorized personnel</li> <li>• Safe custody of bank cheques</li> <li>• All cheques bear 'A/C PAYEE ONLY'</li> <li>• All payments are supported by original documents</li> <li>• All documents are stamped 'PAID' and filed after payments</li> </ul> |
| Transparency         | <ul style="list-style-type: none"> <li>• General rules in connection with payment procedures are laid down in General Staff Instruction Circulars</li> <li>• Payment terms are clearly specified in contracts /order forms</li> <li>• Audit trail of all payments are kept</li> </ul>   |
| Accountability       | <ul style="list-style-type: none"> <li>• All payments are approved by duly authorized persons</li> <li>• Access to capture invoices and process payments is restricted</li> <li>• Cheques and bank transfers are signed by Top Management only</li> <li>• All payments are accounted under appropriate General Ledger Code</li> </ul>   |
| Integrity Management | <ul style="list-style-type: none"> <li>• Information system records all users who accede to any Module on SAP</li> <li>• Payments, once processed, cannot be captured into the system again</li> <li>• Segregation of duties in the Accounts Payable Section</li> </ul>   |

## Supply Chain Management (SCM)

The SCM function at the CEB has a strategic approach to procurement and the focus is on attaining business-related outcomes, while ensuring that basic principles of procurement and best practices such as Economy, Efficiency, Fairness, Reliability, Transparency, Accountability and Ethical Standards are maintained. To this end, four core functions, namely Procurement, Contract Management, Transport and Warehousing, and Supplier Management have been established. The internal processes and procedures, which are well-developed, have been aligned with the provisions of the Public Procurement Act.

The functions highlighted above have been interrelated to ensure a reliable flow of goods and services and information along the value chain, as well as within the whole supply chain of the CEB. However, appropriate separation of responsibilities has been established in order to maintain confidentiality and transparency in the system.

### Bidding Exercise

The bidding exercise at the CEB is established in a structured way so as to ensure compliance with existing procurement regulations and maintain confidentiality and transparency in the process. A systematic approach is adopted as soon as a procurement need arises until bids are received and opened in public. Interface between bidders and the CEB is made through the Chairman of the Tender Committee who has the sole prerogative to communicate and instruct bidders on matters pertaining to the bidding process.

### Evaluation of Bids and Approval of Procurement Contracts

As soon as bids are received and registered by the Tender Committee, all bids are secured until the setting up of an Evaluation Committee composed of at least three members. The Evaluation Committee evaluates the bids according to pre-determined evaluation criteria and in all independence. An appropriate internal control system has been set up to ensure that all procurements are supported by approval at relevant levels so that no commitment is made by any officer on behalf of the CEB until approval has been obtained.

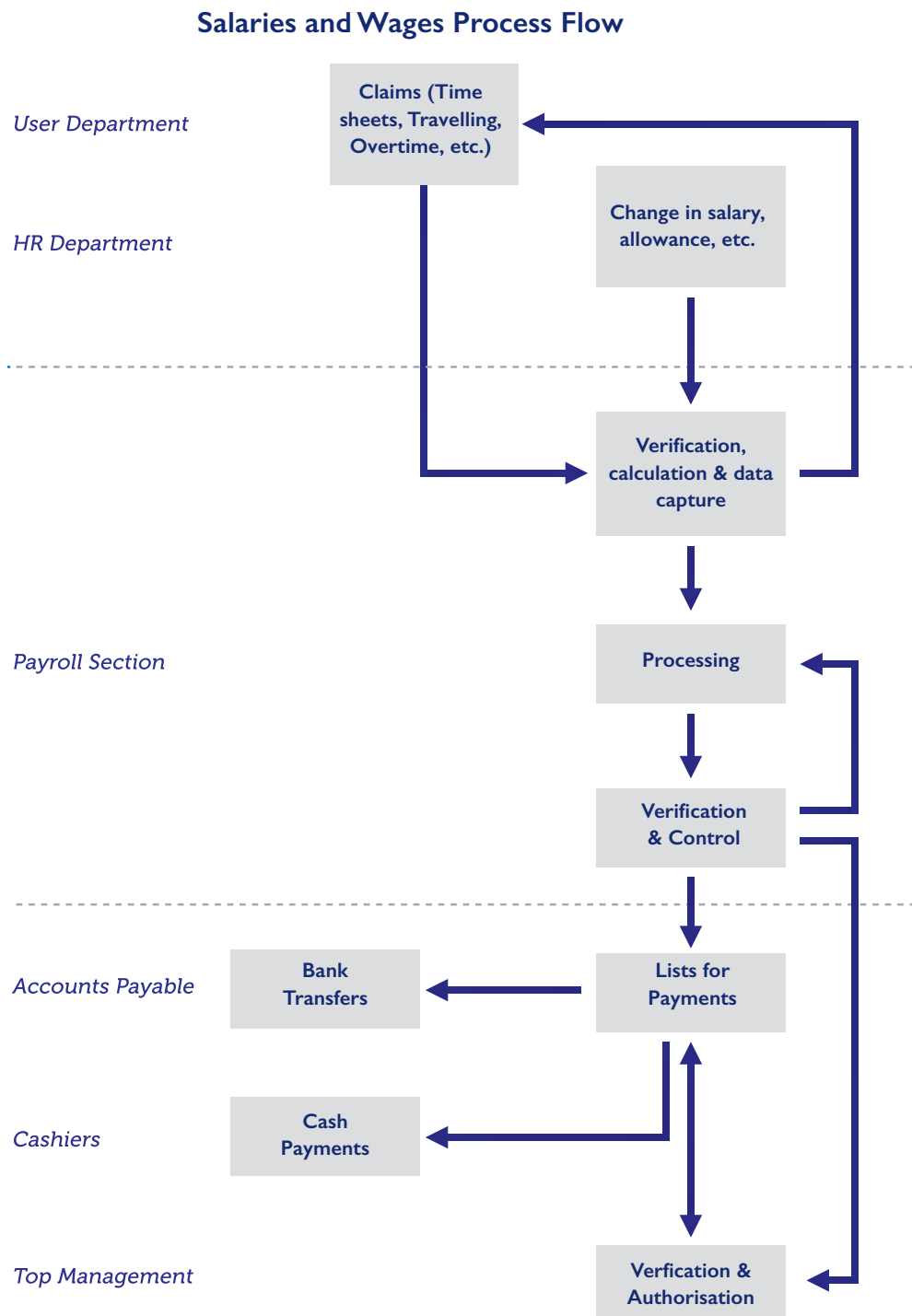


## Meter Reading, Billing, Cash Collection and Debtors Management

The principle of separation of functions and responsibilities is also maintained with regard to meter reading, billing, revenue management, and revenue protection. This ensures that officers who issue bills do not collect payments or investigate suspected cases of illegal abstraction of electricity or under-billing.

## Salaries and Wages

There is a well-defined payroll process, with adequate internal controls, in accordance with the principle of check and balances. The process flow is shown below:



## PEOPLE

The Board acknowledges that organisational objectives can only be achieved through its employees. Accordingly, considerable emphasis is placed upon the human capital by providing a healthy and safe working environment and by adopting an equitable and fair approach to employees' remuneration and benefits.

### Leaves

Employees are encouraged to proceed on vacation leave, whether locally or abroad. The general rule is that every employee should enjoy at least 50% of his/her yearly vacation leave entitlement which, otherwise, would be forfeited. Not only does this scheme ensure that employees get a deserved rest during the year, with increased efficiency and output thereafter, but it also helps the organisation in preventing and detecting corrupt practices during the absence of employees.

### Conflict of Interest

The internal rules provide that where employees, in the course of the discharge of their duties, suspect or should reasonably suspect that they may find themselves in a conflict of interest, they shall disclose their suspicion to their immediate superior who shall note the declaration in writing and issue such direction as he/she feels proper.

Such disclosures are made by members of panels set up to evaluate tenders and by members of the Tender Committee.

### Code of Ethics / Conduct

The Collective Agreement between the Board and the Unions on salaries and conditions of service contains a revised Code of Conduct which should be adhered to by the personnel. The Code of Conduct was reviewed in consultation with ICAC.

By setting out the minimum standards of ethical conduct expected from employees, the Code of Conduct aims at ensuring that their conduct and behaviour are professional and lawful at all times. The dissemination of the Code of Conduct has been done through circulars and e-mails and is also readily available on the organisation's intranet. New recruits are made aware of its content during their induction programme.

Employees at different levels of the organisational hierarchy are required to abide by the Code of Conduct and report to their respective Head of Department or immediate superior, difficulties encountered in its interpretation and understanding. Non-compliance can end up in sanctions, depending on the seriousness of the breach; accordingly disciplinary proceedings may be initiated.

### Confidentiality and Secrecy

The affairs of the CEB are conducted in a transparent manner, with the timely preparation of financial statements and annual reports. In addition, there are certain rules that employees have to adopt in relation to disclosure of information regarding the CEB.

### Disciplinary Procedures

There is a clear and defined policy at the CEB regarding disciplinary procedures which act as a deterrent to malpractices and wrongful conduct.

## TECHNOLOGY

The CEB has adopted an IT Governance Framework, referred to as COBIT (Control Objectives for Information and Related Technology) to implement, operate and maintain its IT infrastructure and applications.

COBIT provides the CEB with a set of clearly-defined processes that integrates good practices grouped into four domains, namely:

- Planning and organising;
- Acquiring and implementing;
- Delivering and supporting; and
- Monitoring of IT performance.

The framework ensures that IT resources are properly and optimally used to provide the CEB with the information that it needs to achieve its business objectives, while minimizing the risks of fraud, corruption and misuse of resources.

While providing its employees with up-to-date IT facilities and tools to enable them to operate more efficiently and effectively, the CEB has adopted a number of policies and implemented measures to ensure an ethical and lawful use of the IT infrastructure.

However, with the rapidly-changing nature of electronic media and services, no policy would be able to cover every conceivable situation. Therefore, the policies adopted at the CEB express the general principles and define the boundaries for the “acceptable use” of the information technology infrastructure and applications of the CEB.

## Voice Recording

In very sensitive and high risk areas, dealings between CEB officers and Financial Institutions are recorded with a view to mitigating any risk of collusion.

## Electronic Meter-Reading Equipment

The CEB has witnessed a significant increase in illegal abstraction of electricity involving substantial loss of revenue. Accordingly, the utility has invested in the latest technology as regards metering equipment, which has an inbuilt system to detect and reveal any tampering thereof. More importantly, all movement of meters, both used and unused, are strictly controlled to minimise any risk of misuse.

## OUTLOOK

As the business world continues to recover from the recent recession and attempts to regain its momentum, we are still learning about how lapses in corporate governance contributed to the failures and losses of many global companies. It is important to learn from these experiences and to realise that firms need to take pre-emptive measures and revisit their existing governance practices, so as to identify areas where weaknesses exist and determine what improvements are necessary.

Faced with these challenges, the CEB is conscious of the need to further improve its governance structures and processes so that they are in line with best practices and are responsive to the prevailing business environment. The utility is equally aware of the need to re-examine and reinforce its risk management systems. These are being addressed in the short-to medium-term perspective in the context of various reform programmes.



## GENERAL MANAGER'S REVIEW



### POWER SUPPLY CHALLENGES

“Non-firm renewables should by no means be regarded as a panacea on their own, but must be rather integrated into a broader and suitably diversified supply mix’”

#### Overview

On behalf of the Board of Directors and Management, I am pleased to present the Annual Report and Accounts of the Central Electricity Board (CEB) for the year ended 31 December 2014.

I wish to highlight that, during the year under review, the CEB delivered a good overall performance, while continuing to act as a prime facilitator and key player in the economic development of the Republic of Mauritius. Technical strength in depth, allied with well-maintained infrastructure, a highly capable workforce and a sound balance sheet, enabled us to sustain our operations and bolster our standing with all key stakeholders. Looking beyond the financial bottom-line, we witnessed significant progress in important areas such as production efficiency, renewable energy penetration, and customer service delivery.

In accordance with its vision for the future, the CEB is committed to investing in new power plants and associated infrastructure, which will further stimulate economic growth for many years to come. The envisaged investments will not only provide the additional electricity and energy security needed to support continuing robust GDP growth, but will also help to balance and diversify the nation's economic base.

#### Maintaining Security of Supply

As in many emerging and developing economies, the energy sector is a major pace setter for social and economic development in Mauritius. In addition, Government's plan for economic development also depends on investments by energy-intensive industries. Continued pressure on supply is, therefore, inevitable and the CEB has to continually plan for additional generating capacity in order to ascertain that there is no risk, whatsoever, of any power shortage.

In 2014, the total energy generated amounted to 2,642 gigawatt hours (GWh), representing an increase of 2.5 % over the previous year. The CEB produced 1,138 GWh from its 4 thermal power stations and 10 hydroelectric plants - representing 43% of the total production, while purchases from Independent Power Producers were of the order of 1,504 GWh.

During the review period, much headway was made regarding the implementation of various generation projects in order to cater for the expected demand in the short to medium term. Due to the lengthy administrative delays in the implementation of the CT Power Project, the CEB, as a contingency measure, activated the redevelopment plan of the St Louis Power Station, which consists of retiring five low-efficiency Pielstick engines and commissioning of medium-speed diesel engines with installed capacities of 60 MW.

The corresponding tender documents were launched in June 2014. However, further to the evaluation exercise carried out by the Central Procurement Board, the bid received was not found to be responsive. Another bidding exercise would be carried out on a priority basis. Moreover, a Power Purchase Agreement was signed with Médine Sugar Milling Ltd in September 2014 in respect of the upgrading of the existing bagasse-fired steam power plant from a nameplate capacity of 9.5 MW to 21.7 MW.

Going forward, there are a number of challenges which must be addressed to ensure a secure, reliable, affordable and sustainable electricity supply to Mauritius and customers at large. They include timely and sufficient investments in power generation, formulation of a diversified generation portfolio to improve our resilience to uncertainties, investment in clean energy to reduce the environmental impact of energy production, and promotion of energy efficiency and energy saving among the population. These challenges are further compounded by growing electricity demand, ageing generation units, tighter environmental controls, and a culture of wasteful energy consumption. These issues will have to be carefully managed and we should strive to find long-term solutions that efficiently balance the objectives of competitiveness, security of supply and environmental responsibility.

### Promoting the Development of Renewable Energy

The role of renewables as an essential element in sustainable energy supply is widely recognised and, in principle, also supports the goal of affordability because generation can occur without commodity and exchange rate risks.

In line with the national objective of encouraging the use of renewable energy and increasing its share in the generation mix up to 35% by the year 2025, a number of projects were either initiated or implemented during 2014. The main project was the commissioning of a 15 MW solar photovoltaic plant by Sarako PVP Co. Ltd at Bambous, which went on commercial operation in February 2014. Much progress was also made in relation to the construction of a 9.35 MW wind-farm at Plaines des Roches by Eole Plaine des Roches Lte, and the plant is expected to be commissioned in early 2016.

Besides, the CEB signed a number of Energy Supply and Purchase Agreements (ESPAs) with various promoters namely, Synnove Solar (Mauritius) One Ltd for two 2 MW PV farms at Petite Retraite and L'Esperance respectively, Astonfield Solar (Mauritius) Ltd for a 2 MW PV farm at La Gaulette, Alteo Astonfield Solar Ltd for a 2 MW PV farm at Fuel, and Solar Field Ltd for a 2 MW PV farm at Mon Choisy. Other renewable projects are being examined and are either at discussion stage or negotiation stage. For its part, the number of Small Scale Distributed Generation (SSDG) units commissioned at the close of 2014 reached 293 representing a total capacity of 2,622 kW.

For the future, optimal implementation of renewable energy at different levels, locations and capacities, augmented by a culture of energy efficiency and supported by smart grid technology to match load management with supply from all producers of energy, holds the potential to maximise affordable energy access and security for all. However, we should not lose sight of the fact that the main aim of CEB's integrated planning is to ensure security of supply at all times.

Therefore, non-firm renewables should by no means be regarded as a panacea on their own, but must be rather integrated into a broader and suitably diversified supply mix.

### Improving the Quality and Reliability of Supply

Various projects were implemented on the transmission and distribution side during 2014 with a view to improving the quality and reliability of supply and minimising system losses and power outages, and keeping pace with the evolving electricity needs of the country. They included the erection of new 66 kV / 22 kV substations, the construction of new 66 kV lines, and the consolidation of the existing network.

High standards of technical excellence were maintained and there was no system-wide blackout on the national electricity grid. Breakdowns or outages were attended to within the shortest possible time by our dedicated personnel working round the clock. The maximum demand for the year reached 446.20 MW and was recorded at 11.00 hours on Wednesday 22 January 2014, representing an increase of 1.15% over 2013. The overall system losses were contained to 6.86 %, which compares favourably to the figure of 7.1% attained in 2013. In the years to come, we plan to revisit the technical integrity of our transmission and distribution systems through a systematic upgrade of the network in both urban and rural areas.

On another note, I wish to highlight that the CEB is in the process of creating a framework under which its fibre optic assets can be further utilised to expand internet access in Mauritius, whilst at the same time furthering the commercial viability of the utility. The preparation of a business plan, together with the conduct of feasibility and technical studies were initiated during the year under review.

### Consolidating our Financial Strength

The financial health of the CEB has always been of paramount importance, all the more since we provide a critical service to the nation. Our aim is to achieve a good balance between providing a reliable and affordable electricity supply, and consolidating a stable and financially sound organisation.

I wish to report that we ended the year 2014 with a surplus of Rs 1,436 million, as compared to a surplus of Rs 975 million for 2013. This good financial performance can largely be attributed to favourable macroeconomic conditions. It is, however, worth noting that the main costs of the CEB are driven by external factors, namely fuel oil price, coal price, exchange rates, interest rates and inflation, over which the utility has little control. As such, in the event of an unfavourable external environment, the profitability level can drop rapidly.

### Building our Human Capital

The CEB aims to be a leading energy provider that excels in customer service delivery, people development and technical excellence, as well as being an employer of choice. We continued during the year under review to make every effort to provide our employees with excellent working conditions and to have zero tolerance for occupational injuries,

bearing in mind the inherent risks involved in the business of generating and transmitting electricity. In a similar vein, we strove to maintain best industry practices, policies and standards, and to ensure the training, development and long term benefits of our employees.

The main happening of the year 2014 was, no doubt, the transfer of our headquarters to the new Corporate Office at Ebène. The new facilities, that house a number of departments, sections, and units previously based at Curepipe, went fully operational in November. With this relocation, we have provided a modern and more productive working environment to our employees, while enhancing the service offered to our customers and stakeholders at large.

Another major event was the release of the Appanah's Report on job evaluation and compensation, covering period July 2013 to June 2017. I wish to underline that the utility's remuneration policy is geared towards remunerating its employees competitively with a view to reflecting the dynamics of the market and the context in which it operates, attracting and retaining its workforce, and motivating superior performance. Attracting talent is indeed an ongoing challenge due to the uniqueness of the skills sets required by the utility and their relative shortage. Our strategy is to build and develop our own skills through the organisation's in-house Training School and on-the-job coaching, complementing this with attraction and acquisition of skills externally through robust recruitment.

## Moving Towards Service Excellence

Today, more than ever before, excellence in customer service has become the key to corporate success. I wish to report that, at the year-end, our customer base reached a total of 443,644 in Mauritius and Rodrigues, a measure of the enormous challenges we have to face on a daily basis to ensure a quality service.

Building on the initiatives undertaken over the past few years, several projects were implemented in 2014 to further improve our relationships with customers and enhance our customer service delivery.

A two pronged approach was followed, comprising the refurbishment of our customer service centres and improvement in processing time and response time to customers. The training of our front line staff was another area of priority.

We also proceeded with the installation of Automatic Meter Reading (AMR) meters and, at the close of the year, the number of AMR meters installed reached 3 584, accounting for around 50% of our total revenue. It is worth noting that this project has contributed to a significant improvement in cash flow through the reduction in time lag between consumption and billing. In Rodrigues, the year 2014 was marked by the launching of the payment of electricity bills through Post Office facilities, which has provided yet another payment channel to our customers.

Another major happening during 2014 was the launch of our Customer Service Charter which has made public our customer service objectives, while defining the standard of service that customers can expect to receive from the CEB. The challenge for us now is to live up to these expected levels of service.

## Looking Forward

Against this backdrop, full of both challenges and opportunities, my vote of thanks goes to our key stakeholders, the Board and, above all, to our dedicated CEB employees who worked tirelessly to support us in delivering these performance results we share with you. Together, I am confident that we will continue to fulfil our mandate of ensuring security of supply and, in doing so, contribute to leading the Republic of Mauritius to a brighter future for all.



**Gérard Hébrard, O.B.E.**  
General Manager

## KEY FACTS 2014

|   |           |
|---|-----------|
| Total Assets (Rs M)                       | 27,032    |
| Surplus (Rs M)                            | 1,436     |
| Net Cash from Operating Activities (Rs M) | 1,464     |
| Capital Expenditure (Rs M)                | 816       |
| Employees (number)                        | 1,934     |
| Customers (number)                        | 443,644   |
| Electricity Sales (MWh)                   | 2,452,196 |
| Nominal Capacity including IPPs (MW)      | 779.26    |
| Effective Capacity including IPPs (MW)    | 693.52    |
| Peak Demand (MW)                          | 446.2     |
| Power Lines (all voltages) (km)           | 9,869     |

*Figures for Mauritius and Rodrigues*





# REVIEW OF OPERATIONS









## PRODUCTION

The bulk of the energy production for Mauritius comes from fossil fuels, namely fuel oil and coal. The CEB uses heavy fuel oil for its base load plants and kerosene for its gas turbines. The plants of Independent Power Producers (IPPs) are operated mainly as co-generation facilities, with bagasse as fuel source during the crop season, and coal during the off-crop season. The CEB also produces energy from its hydro facilities, but in a relatively lower proportion.

The share of CEB's production was 43 % of the total energy generated, with the remaining 57 % being purchased from Independent Power Producers (IPPs).

As planned, maintenance was carried out in all thermal and hydro power stations, with the main focus on sustaining and improving reliability and availability of prime movers and generators.

## DEMAND PATTERN (ENERGY AND POWER)

The total energy generated was 2,642 GWh representing an increase of 2.5 % over last year. CEB plants generated nearly 1138 GWh and purchases were nearly 1504 GWh. The maximum power demand was 446.2 MW and was recorded on 22 January 2014 at 11.00 hrs, representing an increase of 5.07 MW over the maximum demand of 2013 (441.13 MW).

The various outputs are tabulated below:

| Sector                         | Fuel Source       | Output (GWh)    | %          |
|--------------------------------|-------------------|-----------------|------------|
| Hydro                          | Water             | 90.84           | 3.4        |
| Thermal                        | Fuel Oil & JET A1 | 1,047.1         | 39.7       |
| Purchase (CPP)                 | Bagasse           | 6.26            | 0.2        |
| Purchase (IPP: Coal + Bagasse) | Coal & Bagasse    | 1,453.7         | 55.0       |
| Purchase (Landfill)            | Landfill gas      | 21.33           | 0.8        |
| Purchase (Sarako)              | Solar             | 20.4            | 0.8        |
| Purchase (SSDG & MSDG)         | Solar             | 2.38            | 0.09       |
| <b>Total</b>                   |                   | <b>2,642.01</b> | <b>100</b> |

The proportion of renewable energy to non-renewable energy was as follows:

| Fuel Source                         |                 | Output (GWh) | %           |
|-------------------------------------|-----------------|--------------|-------------|
| Renewable                           | Bagasse         | 334.53       | 12.7        |
|                                     | Hydro           | 90.84        | 3.4         |
|                                     | Solar PV        | 22.78        | 0.86        |
|                                     | Waste-to-Energy | 21.33        | 0.81        |
| <b>Total % renewable energy</b>     |                 |              | <b>17.8</b> |
| Non-renewable                       | Fuel Oil        | 1,047.16     | 39.6        |
|                                     | Coal            | 1,125.40     | 42.6        |
| <b>Total % non-renewable energy</b> |                 |              | <b>82.2</b> |



## OPERATION AND MAINTENANCE

Regular maintenance programmes were carried out, with the aim of sustaining and improving the current and future reliability and availability of plants. Another objective was to meet the challenges caused by obsolescence and the ageing of critical plant items.

### Thermal

#### Fort George Power Station

Total energy generated was 652.9 GWh, i.e. 57.4 % of CEB's generation and 24.7 % of the total energy generated. The table below shows the cumulative running hours of each unit as at 31 December 2014.

| Unit | Running Hours |                     |
|------|---------------|---------------------|
|      | During 2014   | Since commissioning |
| G1   | 7,043         | 153,374             |
| G2   | 7,528         | 152,895             |
| G3   | 7,746         | 130,956             |
| G4   | 7,235         | 110,450             |
| G5   | 7,290         | 107,339             |

The two broken foundation bolts on Unit 1 were successfully replaced in June 2014 by Wartsila Switzerland. It is also noteworthy that both Sulzer engines (Unit 1 and 2) operated satisfactorily since the repair of cracks, noticed on A-frame of both engines in December 2013, by Wartsila Switzerland. Both units have gone over the 150,000 running hours and have been in operation since 1992. Representations were made by service engineers from Wartsila Switzerland during their last visit for the replacement of the foundation bolts.

Units 3, 4 and 5 had an average of 7,400 running hours each.

Scheduled maintenance was successfully carried out on all the five units.

The capital projects budgeted for the year, which were successfully implemented were:

- Replacement of critical parts on Units 1, 2 and 3;
- Upgrading of Control System (Sattline) on Units 3, 4 and 5; and
- Inspection and refurbishment of two HFO service tanks and one fire-fighting tank.

#### Fort Victoria Power Station

Total energy produced was 246.97 GWh, i.e. 21.7 % of CEB's generation and 9.34 % of the total energy generated.

The table below shows the cumulative running hours for each unit at Fort Victoria Power Station.

| Unit        | Running Hours |                     |
|-------------|---------------|---------------------|
|             | During 2014   | Since commissioning |
| Wartsila G1 | 2,400         | 15,478              |
| Wartsila G2 | 4,083         | 19,528              |
| Wartsila G3 | 3,741         | 11,524              |
| Wartsila G4 | 2,426         | 8,747               |
| Wartsila G5 | 3,470         | 9,060               |
| Wartsila G6 | 3,636         | 7,909               |
| MAN G11     | 976           | 101,589             |
| MAN G12     | 1,219         | 87,306              |

Wartsila Units G1 & G2 generated some 75.34 GWh during the year. G1 suffered some damages in early 2014, whereby one crankpin was damaged and required grinding and polishing. This was carried out successfully by ABC Engineering of Singapore, and the Unit has been performing satisfactorily thereafter.

The four new Wartsila Units from FVPS Phase 2 Redevelopment Project, which were commissioned on 9 July 2012, performed satisfactorily and generated 154.63 GWh for the year 2014. Prior to the expiry of their guarantee periods, inspections were carried out on the turbocharger units of all four Wartsila engines (G3 – G6). Abnormal cracks were detected on all nozzle rings fitted on the turbocharger units of the said engines. BWSC, the main Contractor for the FVPS Phase 2 Redevelopment Project, were called upon to remedy the situation, and new different types of nozzle rings were supplied and fitted on the engines at their own costs, and an additional one-year guarantee was supplied by BWSC on the new parts installed.

MAN B&W Engines G11 and G12 were operated for 976 and 1,219 hours respectively during the year and produced 17 GWh. No major problem was encountered on those engines.

Tender documents were launched regarding the construction of a 3 x 6500 m<sup>3</sup> Heavy Fuel Oil Tank Farm at Les Grandes Salines.

### **Saint Louis Power Station**

Total energy production was 145.2 GWh, i.e. 12.8 % of CEB's generation and 5.5 % of the total energy generated. The Wartsila units generated 120.46 GWh and the Pielstick engines generated 24.75 GWh.

The Pielstick generating sets (Units 1 to 4), though having reached the end of their serviceable life, had to be operated for an average of about 1,169 hours per unit for peak looping. It is to be noted that these engines were commissioned in the late 70s and are no longer compliant to present day Regulations of the Environmental Protection Act. However, they are being kept in running condition at a high cost just to have adequate generating capacity, till the Saint Louis Power Station Redevelopment is completed.

In view of the redevelopment of the Saint Louis Power Station, it was decided to decommission Pielstick 5 and Pielstick 6. The engine halls of Unit 5 and 6 were completely cleared in September 2014.

The Wartsila units performed satisfactorily, clocking an annual average of 3,513 operating hours each. As scheduled, major overhaul was carried out on Unit 7 from 22 August to 10 November.

The major capital projects completed at Saint Louis Power Station during the year were:

- Relocation of Tanks and Transformers for Pielstick 5 and 6
- Geotechnical Investigation for St Louis Redevelopment Project
- Relocation of HFO pipeline near Fort Victoria PS.

A bidding exercise was carried out for the St Louis Redevelopment Project, which comprises the installation of four medium speed diesel engines of 15 MW each.

### **Nicolay Power Station**

The three Gas Turbine units clocked an average of 120 operating hours for the year 2014, generating some 2.0 GWh, i.e. 0.08 % of the total energy generated.

A 400 kVA Stand-by Generator set was installed and commissioned in June 2014 for the enhancement of the black start capability of the power plant.

A major overhaul of the Alternator & Exciter was carried on Unit No 1, which consisted of the upgrading of Rotor Retaining Rings and renewal of Rotor Interpolar Connection.

Other major projects carried out were the procurement of Aero-heat exchanger set for Unit No 3, and the procurement of a retrofit of LV Change-over System for Unit No 1.



## Hydro

The total generation from the Hydro Power Stations for the year 2014 was 90.8 GWh, i.e. 8 % of CEB's generation and 3.44 % of the total energy generated.

The scheduled maintenance at all hydro power stations was carried out successfully during the year, and no major problems were encountered.

One major event in 2014 was the renaming of Réduit Power Station as the Amode Ibrahim Atchia Hydro Power Station, in commemoration of the founder of the power station.

The major projects initiated in 2014 were the installation of CCTV cameras at Champagne Power Station, the replacement of the alternator of both units at Ferney Power Station, and the upgrading of the Governor System of Unit G1 at Tamarind Falls Power Station.

## LARGE SCALE INDEPENDENT POWER PRODUCERS (LSIPPS)

The total energy purchases for the year from the LSIPPs were 1,501.66 GWh, which corresponds to a 4.7% increase as compared to the year 2013.

Overall, the LSIPPs accounted for 56.84 % of the total energy sent out to the grid. The total amount of energy sent out on Bagasse and Coal were 334.53 GWh and 1,125.4 GWh respectively. The total amount of energy sent out from the Landfill Gas-to-Energy Facility and the Sarako Solar Farm were 21.3 GWh and 20.4 GWh respectively.

The Power Purchase Agreement (PPA) of Médine Limited (ML) expired on 31 December 2014. Prior to the expiry of the PPA, the latter, through Médine Sugar Milling Limited (MSML), had notified the CEB of its intention of upgrading its existing bagasse-fired steam power plant, located at Bambous to optimise its energy production from bagasse, consequently entering into a new PPA with the CEB. Subsequently, the CEB and MSML signed a new PPA on 12 September 2014.

Due to the closure of the Deep River Beau Champ Sugar Factory after the 2013 crop, and Consolidated Energy Limited (CEL) no longer receiving bagasse for the generation of energy, CEL would burn only coal in year 2014 and up to July 2015 in order to comply with its obligations under the Power Purchase Agreement. As a result, the CEB and CEL signed an Amended Agreement on 14 April 2014 to allow for the change in operating mode during the crop season 2014 and 2015. CEL obtained its EIA licence for the new mode of operation in August 2014.

During the year 2014, the CEB executed the Coal Supply Agreement, the Share Subscription and Shareholders Agreement, and the Industrial Sub-Lease Agreement with The (Mauritius) CT Power Ltd (MCTP), as part of the requirement of the PPA executed with MCTP in December 2013 for the 100 MW Pointe-aux-Caves Generating Station. MCTP is presently under the predevelopment period and is awaiting the execution of the Implementation Agreement with the Government of Mauritius.

The commissioning of the two wind farm projects situated at Curepipe Point and Plaine des Roches would most probably be delayed on account of administrative and legal issues, and they are now scheduled to start operation during the year 2016.

Following the execution of an Energy Supply and Purchase Agreement (ESPA) with the CEB on the 21 May 2013, Sarako PVP Co. Ltd. achieved commercial operation for its solar farm located at Bambous on 18 February 2014. The solar farm has a maximum installed capacity of 15 MW and exported some 20 GWh of green energy during the year.

## MEDIUM-SCALE DISTRIBUTED GENERATION (MSDG)

Following the Request for Proposal for Solar Photovoltaic (PV) farms of 1-2MW issued by the CEB in March 2012, ESPAs were signed with the identified preferred bidders during the year 2014 for five PV farms of installed capacity 2 MWp each. The details of the PV projects are as follows:

| Name of IPP                           | Location of PV Farm          |
|---------------------------------------|------------------------------|
| Synnove Solar (Mauritius) One Limited | Petite Retraite              |
| Synnove Solar (Mauritius) One Limited | L'Espérance                  |
| Astonfield Solar (Mauritius) Limited  | Case Noyale, La Gaulette     |
| Alteo Astonfield Solar Limited        | FUEL, Union Flacq            |
| Solar Field Ltd                       | Chemin 20 Pieds, Mont Choisy |

## SMALL-SCALE DISTRIBUTED GENERATION (SSDG)

The CEB and the LSIPPs were the sole entities responsible for the production of electricity in Mauritius till 2010. In order to democratize the production of electricity, the Government and the CEB came up with the SSDG Project to allow the public at large to produce electricity primarily for their own consumption and export any surplus energy to the CEB grid. A Feed-In-Tariff was developed to remunerate the exported energy by the SSDGs.

Given that the price per kW installed for SSDG installations, such as photovoltaic, wind and hydro, were very high in 2010, an attractive Feed-In Tariff (FIT) was offered to the public to motivate them to embark on this project. Moreover a Grid Code was developed that outlined all the administrative procedures, technical requirements and the safety aspects that had to be followed by the SSDGs for connecting to the CEB grid.

Initially the project was launched for 2 MW in December 2010; 1 MW reserved for residential customers and 1 MW for other categories of customers. Considering the large number of applications received during the first phase of the project, which exceeded the 2 MW quota, a second phase of the project was launched in December 2011 for another 1 MW. Out of this 1 MW, 900 kW was reserved for residential and non-residential customers in Mauritius, while 100 kW was reserved for Rodrigues.

There was also a large demand for SSDG installations from educational, charitable and religious institutions. Consequently, besides the second phase of the SSDG scheme, a new scheme was simultaneously launched which was reserved for public, educational, charitable and religious institutions (PECR). However, the tariff for the energy exported to the CEB grid was fixed at the CEB's average marginal cost of electricity production.

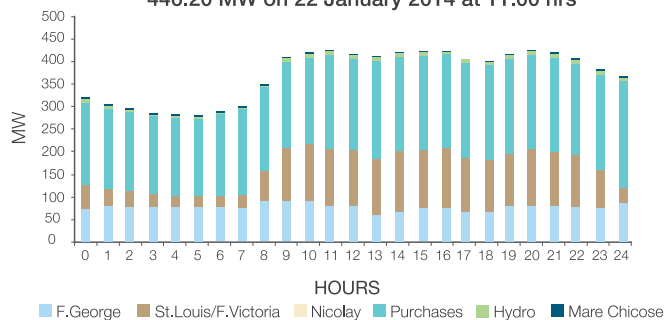
During the year 2014, the number of SSDGs commissioned under the FIT scheme stood at 38 installations for a total capacity of 369 kW, while under the PECR Scheme the number of SSDGs commissioned was 25 for a total capacity of 301 kW.

As at 31 December 2014, the total number of SSDGs commissioned, their equivalent capacity and the amount disbursed for the energy exported to the CEB grid were as follows:

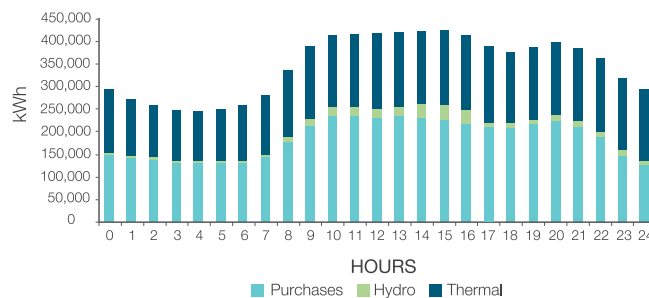
| Scheme          | No. of SSDG Commissioned (units) | Capacity (kW) | Amount Disbursed for Energy Exported (Rs) |
|-----------------|----------------------------------|---------------|---|
| FIT (Mauritius) | 237                              | 2,051         | 51,790,552                                |
| FIT (Rodrigues) | 17                               | 92            | 1,515,161                                 |
| PECR            | 39                               | 479           | 938,828                                   |
| <b>TOTAL</b>    | <b>293</b>                       | <b>2,622</b>  | <b>54,244,541</b>                         |



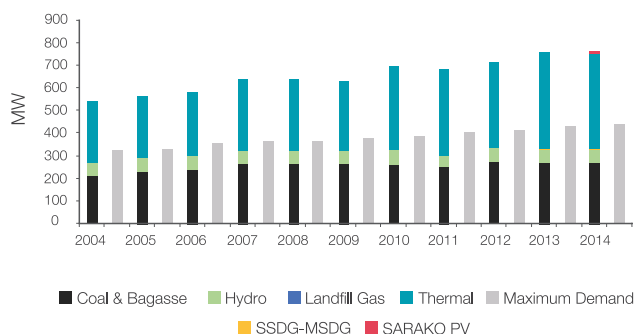
**Highest Maximum Demand**  
446.20 MW on 22 January 2014 at 11.00 hrs



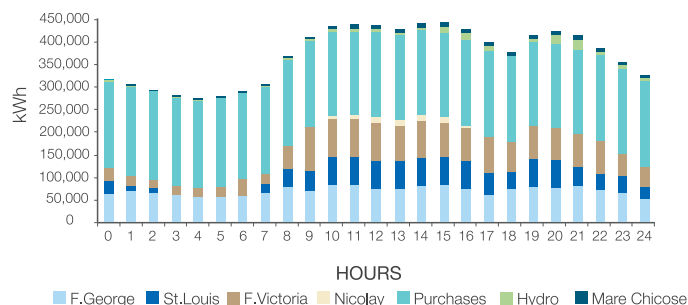
**Highest Thermal Production**  
4, 515, 312 kWh on 20 January 2014



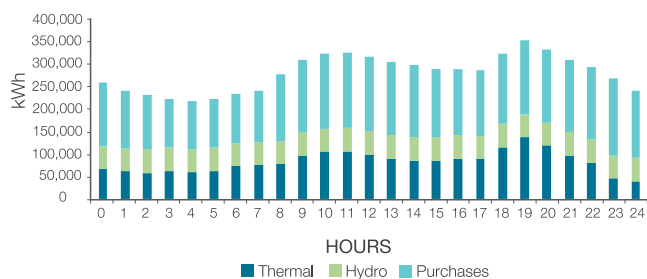
**Installed Capacity and Maximum Demand**  
2004-2014



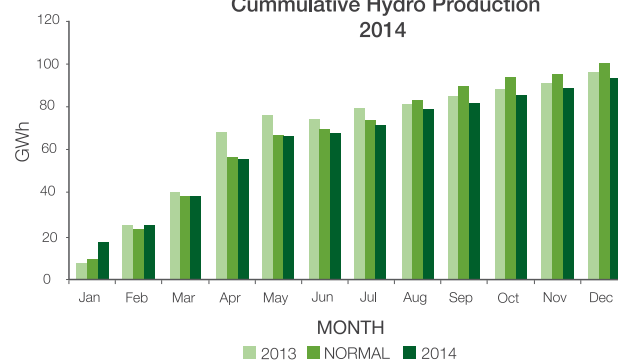
**Maximum Units Generated**  
8, 912, 952 kWh on 21 January 2014



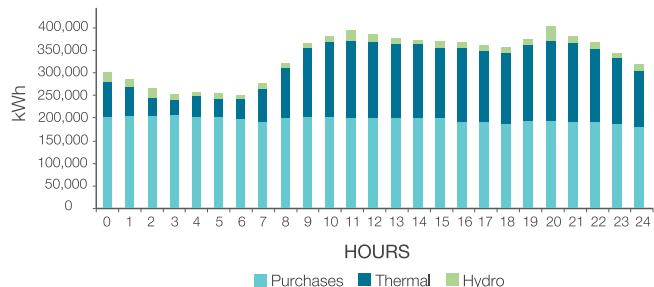
**Highest Hydro Production**  
1, 086, 214 kWh on 07 January 2014



**Cummulative Hydro Production**  
2014



**Highest Purchases**  
4,794, 253 kWh on 11 January 2014



## PLANT CAPACITIES, UNITS GENERATED AND EXPORTED: YEAR 2014

|                            | Plant Capacity (MW) | Effective Capacity (MW) | Units Generated (kWh) | % Units Generated | Units Exported (kWh) |
|----------------------------|---------------------|-------------------------|-----------------------|-------------------|----------------------|
| <b>CEB - HYDRO</b>         |                     |                         |                       |                   |                      |
| 1 Champagne                | 30.00               | 28.00                   | 30,868,500            | 1.17%             | 30,607,740           |
| 2 Ferney                   | 10.00               | 10.00                   | 28,926,790            | 1.09%             | 28,837,047           |
| 3 Tamarid Falls            | 11.70               | 9.50                    | 13,765,700            | 0.52%             | 13,673,870           |
| 4 Magenta                  | 0.94                | 0.90                    | 2,181,500             | 0.08%             | 2,181,500            |
| 5 Le Val                   | 4.00                | 4.00                    | 5,459,580             | 0.21%             | 5,395,792            |
| 6 Cascade Cécile           | 1.00                | 1.00                    | 3,446,350             | 0.13%             | 3,430,729            |
| 7 Réduit                   | 1.20                | 1.00                    | 1,743,930             | 0.07%             | 1,728,070            |
| 8 La Ferme                 | 1.20                | 1.20                    | 2,340,202             | 0.09%             | 2,323,985            |
| 9 La Nicolière F.C         | 0.35                | 0.35                    | 796,842               | 0.03%             | 792,335              |
| 10 Midlands                | 0.35                | 0.35                    | 1,309,908             | 0.05%             | 1,306,675            |
| <b>TOTAL HYDRO (A)</b>     | <b>60.74</b>        | <b>56.30</b>            | <b>90,839,302</b>     | <b>3.44%</b>      | <b>90,277,743</b>    |
| <b>CEB - THERMAL</b>       |                     |                         |                       |                   |                      |
| 1 St. Louis                | 89.00               | 66.60                   | 145,288,398           | 5.50%             | 139,955,824          |
| 2 Fort Victoria            | 109.60              | 107.00                  | 246,971,799           | 9.34%             | 241,695,960          |
| 3 Nicolay                  | 78.40               | 75.00                   | 1,991,100             | 0.08%             | 1,592,703            |
| 4 Fort George              | 138.00              | 134.00                  | 652,912,400           | 24.71%            | 624,640,374          |
| <b>TOTAL THERMAL (B)</b>   | <b>415.00</b>       | <b>382.60</b>           | <b>1,047,163,697</b>  | <b>39.63%</b>     | <b>1,007,884,861</b> |
| <b>TOTAL CEB (A+B)</b>     | <b>475.74</b>       | <b>438.90</b>           | <b>1,138,002,999</b>  | <b>43.07%</b>     | <b>1,098,162,604</b> |
| <b>IPPs - PURCHASES</b>    |                     |                         |                       |                   |                      |
| 1 CTSav                    | 90.00               | 74.00                   | 493,559,629           | 18.68%            | 493,559,629          |
| 2 CEL - Beau Champ         | 28.40               | 22.00                   | 162,916,502           | 6.17%             | 162,916,502          |
| 3 CTBV - Belle Vue         | 71.20               | 62.00                   | 400,773,816           | 15.17%            | 400,773,816          |
| 4 F.U.E.L                  | 36.70               | 27.00                   | 165,937,625           | 6.28%             | 165,937,625          |
| 5 CTDS                     | 32.50               | 30.00                   | 230,482,991           | 8.72%             | 230,482,991          |
| 6 Médine                   | 10.00               | 6.00                    | 6,255,870             | 0.24%             | 6,255,870            |
| 7 Sotravic                 | 3.30                | 3.00                    | 21,326,726            | 0.81%             | 21,326,726           |
| 8 Sarako                   | 15.00               | 15.00                   | 20,405,938            | 0.77%             | 20,405,938           |
| 9 SSDG - MSDG              | 2.74                | 2.74                    | 2,378,513             | 0.09%             | 2,378,513            |
| <b>TOTAL PURCHASES (C)</b> | <b>289.84</b>       | <b>241.74</b>           | <b>1,504,037,610</b>  | <b>56.93%</b>     | <b>1,504,037,610</b> |
| <b>GRAND TOTAL (A+B+C)</b> | <b>765.85</b>       | <b>680.64</b>           | <b>2,642,040,609</b>  | <b>100%</b>       | <b>2,602,200,214</b> |

| Effective Capacity (MW) | Crop | Inter Crop |
|-------------------------|------|------------|
| Belle Vue               | 46   | 62         |
| F.U.E.L                 | 20   | 27         |
| CTSAv                   | 65.5 | 74         |



## TRANSMISSION AND DISTRIBUTION

With the commitment to improving the quality and reliability of supply, further initiatives were launched on the Transmission and Distribution side during the year under review. New substations and networks were commissioned, and improvements were brought to existing parts of the networks.

The major activities during the year 2014 and the key operational statistics are highlighted below.

## SYSTEM PERFORMANCE

On the whole, the general performance of the Transmission and Distribution system was satisfactory for the year under review. The networks were, however, subject to some disruption caused by the passage of cyclones Bejisa and Edilson in the proximity of Mauritius; these were promptly remedied.

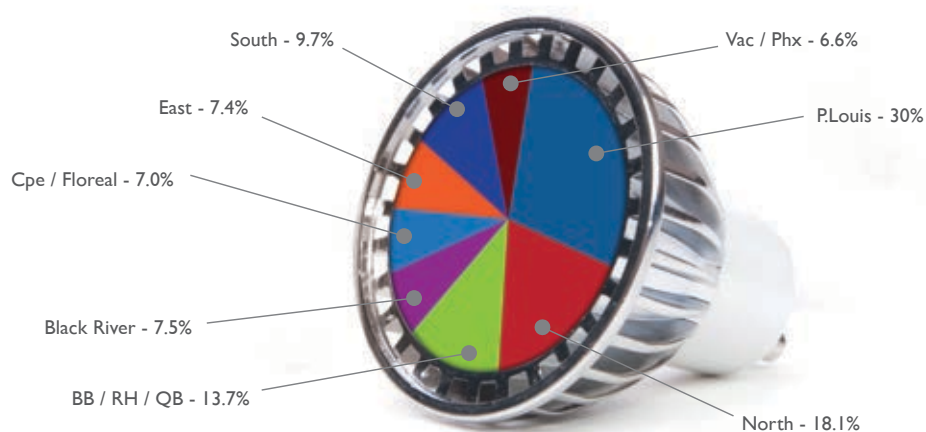
On Friday 5 September 2014, a fire outbreak, which started in sugar cane fields in the region of Piton-Mapou-Belle Vue Mauricia, resulted in the tripping of the 66 kV Belle Vue – Amaury I and 66 kV Dumas – Belle Vue I & 2. The tripping of the 66 kV lines did not cause any major disturbance on the CEB grid.

## SYSTEM MAXIMUM DEMAND

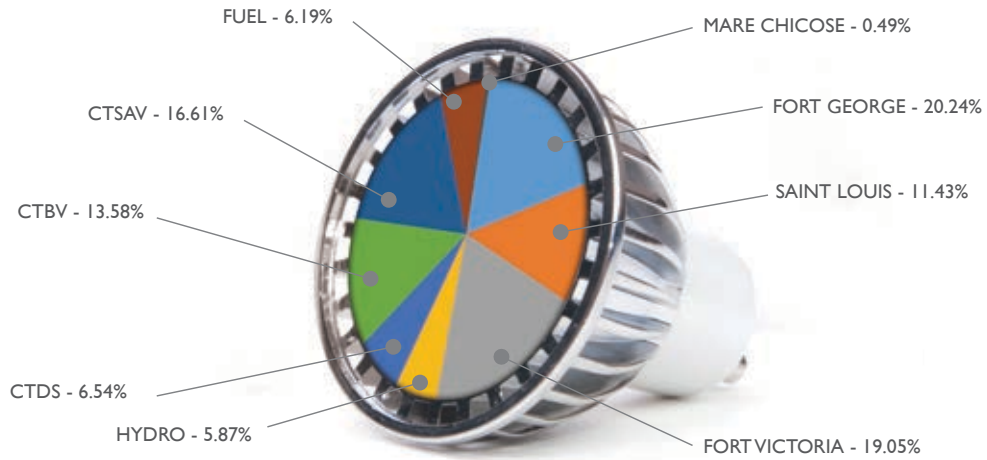
The maximum demand for the year reached 446.2 MW and was recorded at 11.00 hrs on Wednesday 22 January 2014. This represents an increase of 1.15 % over the previous year. It is worth noting that the average increase in demand over the period 2009-2013 was 3.49 %.

The approximate load distribution over the island on a regional basis at the time of the highest demand, and the generating plants' contribution at the time of the highest demand are shown hereunder.

### PERCENTAGE LOAD DISTRIBUTION PER REGION ON 22 JANUARY 2014 AT 11:00HR

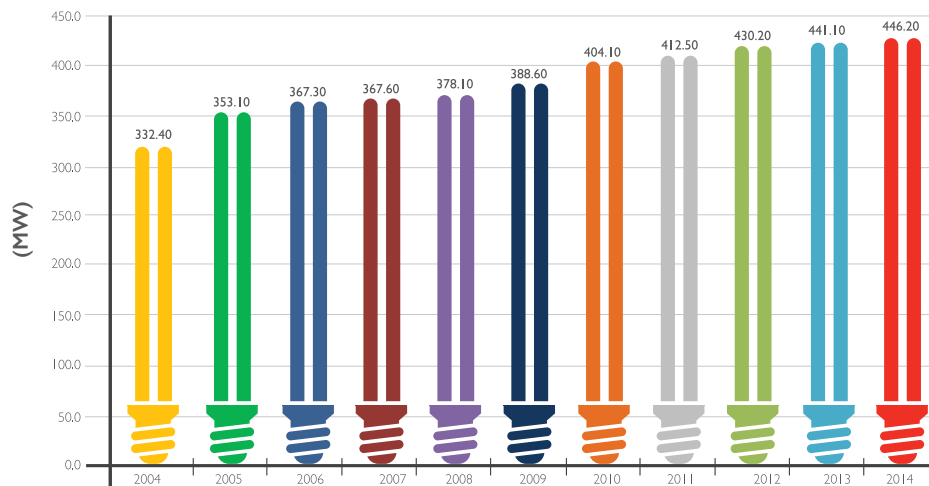


## GENERATING STATIONS CONTRIBUTION FOR 22 JANUARY 2014 AT 11:00HR

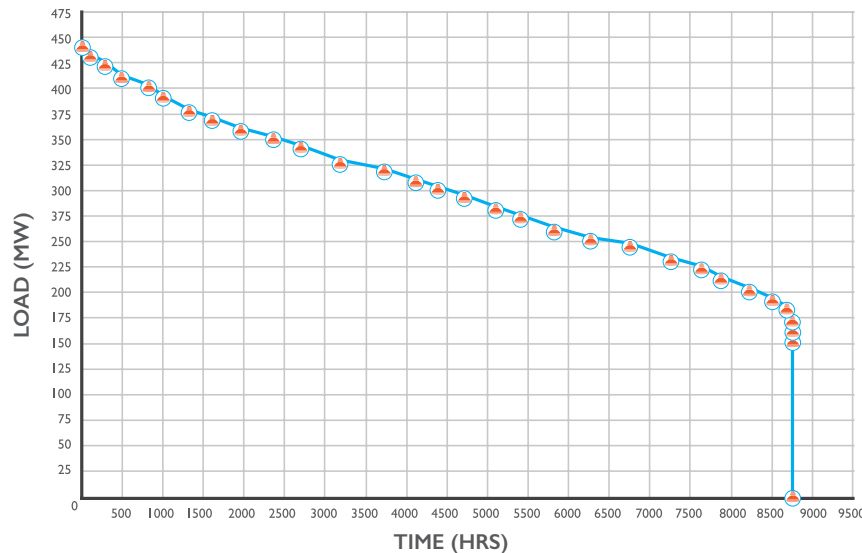


The yearly maximum demand for the last eleven years, as well as and the load duration curve for the year 2014 are shown hereunder:

### MAXIMUM DEMAND (2004-2014)



### LOAD DURATION CURVE 2014



The average load factor for the year based on daily data was 79.27 %. This indicates that there was an efficient use of electrical plants during the review period.



## TRANSFORMER CAPACITY, NETWORK GROWTH, AND SYSTEM LOSSES

### Transformer Capacity

At the end of the year, the total installed transformer capacity in the major substations was 2,292 MVA, whilst for the distribution substations, the total installed capacity reached 1,701 MVA, thus making a total of 3,993 MVA installed on the system.

### Growth of Network

In the course of the year, the overhead transmission and distribution network was extended by 164.4 km, thus bringing the total length of overhead lines to 8,687 km. This figure includes 291 km of 66 kV overhead transmission lines.

The underground transmission and distribution network was extended by 49.8 km during the year to bring the total route length to 679.8 km, which includes 20.2 km of 66kV underground cables.

The grid lengths as at December 2014 were as follows:

| Data                              | Transmission | Distribution MV | Distribution LV |
|-----------------------------------|--------------|-----------------|-----------------|
| Voltage levels (kV)               | 66           | 22/6.6          | 0.400/0.23      |
| Length of overhead cables (km)    | 291.5        | 2,941           | 5,455           |
| Length of underground cables (km) | 20.2         | 438             | 221.4           |

### System Losses

The overall system losses for the year under review were contained to 6.86%. This figure compares favourably with the figure recorded for 2013 (7.1%). The figures for the last five years are reproduced for comparison.

| Data       | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------|------|------|------|------|------|
| Losses (%) | 8.1  | 7.95 | 7.65 | 7.1  | 6.86 |

## TRANSMISSION

In order to cope with the load growth and to channel energy from both the CEB and the IPP generating plants, the following works were carried out on our transmission networks during the year 2014.

### 66 kV Networks

#### Refurbishment of 66 kV Transmission Line

The existing 66 kV Wooton – Champagne, Henrietta – St Louis, Henrietta – Chaumière, Dumas – Belle Vue – Amaury – FUEL lines, which are more than 30 years old, require proper refurbishment in order to extend their working life. During the year under review, major reconstruction works were scheduled for the systematic replacement of corroded members in order to strengthen and increase the life span of the existing lines. Corrosion protection treatment and replacement were also carried out, subject to the availability of power cuts.

In 2014, maintenance and refurbishment works were carried out on 66 kV Henrietta – Chaumière I & 2, Amaury – FUEL I & 2, St Louis – Chaumière I & 2, Wooton – Ferney – Champagne, Combo – Henrietta, FUEL – Anahita, FUEL group I & 2 and Belle Vue – Amaury I & 2. Corrosion treatment, painting of towers and replacement of rusty strain insulator sets / rotten cross-arms / rotten landing plates, replacement of earthing and phase fittings / T plates / shackles were carried out on towers on the above lines. Maintenance of tower bases was carried out on 66 kV L'Avenir – Amaury, Belle Vue – Amaury, Henrietta – Chaumière, and Dumas – Belle Vue.

### *Continuation of Works on Henrietta – Case Noyale – Combo 66 kV Line*

The strengthening of the line (about 60 km) was planned to be completed by July 2009. The work was delayed due to issues related to Le Morne Cultural Heritage. The extension of HT network in the vicinity of Le Morne area had to be carried out with underground cables instead of overhead lines, as originally planned. After overcoming all way-leave problems, the line works were completed by late 2014 over a stretch of about 60km, consisting of about 7.3 km of underground 66 kV cables and 52.7 km of overhead 66 kV lines. The lines are presently energised at 22 kV until the completion of Case Noyale 66/22kV substation, scheduled for 2016.

### *66 kV lines from Beau Plan to Riche Terre - Jinfei Economic Zone*

The erection of the 66 kV double-circuit overhead line, which will supply the 66/22 kV substation at Riche Terre, was completed over a route length of 6.5 km. There remains about 1.5 km of 66 kV underground cable to be laid and connected to the Jinfei 66/22 kV substation. The works are scheduled to be completed by 2015.

### *66 kV lines to supply La Tour Koenig*

The La Tour Koenig 66/22 kV substation will be energised from the existing 66 kV St Louis – Chaumière lines and will involve the erection of 0.5 km overhead network and the laying of some 1.3 km of underground cables.

Pipe-laying works were completed in 2010. However, on account of the urgency of the Fort Victoria re-development project, which required the replacement of existing old oil-filled cables by new underground cables between St Louis and Fort Victoria, the earmarked cables for the La Tour Koenig project were re-allocated to the latter project.

New underground 66 kV cables were received in early 2014. Cable-laying, which was scheduled to start and to be completed in 2014, has been re-scheduled for the first half of 2015 on account of other ongoing cable-laying work projects at Fort Victoria and Case Noyale.

### *OPGW on Transmission lines*

The purpose of optical ground wire (OPGW) is to shield the transmission lines against lightning-stroke effects, while also providing communication facilities between the System Control and all the major 66/22 kV substations. It is planned to replace all traditional earth conductors on transmission networks by OPGW.

In 2014, the existing earth conductor from Le Val to Champagne, over a distance of approximately 11 km on the 66 kV Champagne – Wootton network, was replaced by OPGW conductor. It is to be noted that stringing of OPGW onto the existing 66 kV network St Louis – Chaumière and Henrietta - Chaumière, which was scheduled to be carried out in 2014, has been postponed for 2015 due to unavailability of power cut.

As at the end of 2014, 219.6 km of OPGW was installed, corresponding to 64 % of the total planned length.

### *66 kV line from Saint Louis to Fort Victoria*

Implementation of the Fort Victoria Re-development Project has relied on the use of the existing oil-filled 66 kV cables between Saint Louis and Fort Victoria for the evacuation of power from the newly-installed generators. The CEB was advised in early 2011 by BWSC, the contracting firm responsible for the implementation of the project, to consider the replacement of two existing 66 kV cables which were more than 30 years old. This work involved the laying of two underground 66 kV cables from Saint Louis to Fort Victoria over a distance of approximately 2.3 km. Way-leave formalities were completed. Cable-laying works, which met with unforeseen delay, due to permission of the Traffic Management and Road Safety Unit for road closures not being granted, were completed in late 2014.

It is worth noting that, following the occurrence of a fault on the existing oil-filled 66 kV interconnector Fort Victoria – St Louis I, one of the newly-laid 66 kV cables was temporarily commissioned in November 2014 to enable reliable export of electrical power from Fort Victoria to Saint Louis. This cable will be de-commissioned and de-energised after the repair of the faulty cable. The effective commissioning of the new 66 kV cables will be carried out after the completion of works associated with the new 66 kV switching station at Fort Victoria.

### **66 kV line from Belle Vue to Sottise**

Construction of a second 66 kV line from Belle Vue substation to Sottise substation will help reinforce the 66 kV transmission grid and improve reliability of power supply to the Northern parts of the island. The route length of the proposed line is about 10 km. Survey works have been completed and erection of part of the line is in progress. Detailed planning of the undergrounding of the existing 22 kV and LV overhead networks along the proposed corridor was completed. Implementation of the works is scheduled to start in 2015 and is expected to be completed during the same year.

It is to be noted that the tender for the procurement of 14m rectangular concrete poles was awarded in the second half of 2013. Erection of the new 66 kV network is scheduled to start in 2014 and be completed in 2015.

### **66 kV line from Fort Victoria to Neotown**

The demand for 60 MW of power in 2016 for the Neotown project will necessitate the laying of about 1.3 km of 66 kV underground cables from the proposed 66 kV substation at Fort Victoria to the new 66/22 kV substation which will be erected at Les Salines. Excavation works and laying of a major portion of UPVC pipes were carried out in 2012.

Way-leave for the laying of underground cables at Les Salines was obtained from the Municipal Council of Port Louis, and the Mauritius Ports Authority agreed to lease a plot of land to the CEB for the construction of the 66/22 kV substation. The laying of the 66 kV cable - subject to the finalization of funding of the off-site infrastructure works by the Ministry of Housing and Lands and the Ministry of Finance - is expected to be completed in 2016.

It is worth noting that the last Joint Monitoring Committee (JMC) was held on 23 July 2014 at the Ministry of Housing and Lands. The Director of Neotown was requested to submit a fresh schedule for the implementation of the project.

### **Pointe aux Caves – Chebel 132 kV Lines – CT Power Project**

Following the EIA tribunal's decision to grant an EIA license to CT Power and the signature of an amended PPA in December 2013, formalities were initiated for the laying of approximately 8 km of underground 132 kV cables for the evacuation of 110 MW of power from the new coal-fired power station to be constructed at Pte aux Caves to La Chaumière Substation. Way-leave formalities for the laying of these underground cables have almost been completed, except for a stretch of approximately 300m which is awaiting approval from the Ministry of Housing and Lands. It is to be noted that the design and construction of the transmission network, which was originally planned to be carried out by CT Power, will now be carried out by the CEB. Formalities to secure consultancy services for the procurement and laying of underground 132 kV cable are in progress.

## **66 / 22 kV Major Substations**

### **Case Noyale 66/22 kV Substation**

This substation will improve the quality and reliability of supply to existing hotels and consumers in the Southern and Western parts of the island, while providing power to the various IRS projects located at La Balise (Tamarin), Valriche (Bel Ombre), Baie du Cap, Corniche Bay, Les Salines and Ile-aux-Bénitiers.

Formalities for the acquisition of land from Bel Ombre S.E. for the construction of the substation were completed. The contract for the procurement of services for the construction of the proposed station was awarded in late 2014. Civil works are expected to start in early 2015 and be completed in early 2016. Commissioning of the substation is planned for the end of 2016 after the completion of works at Jinfei Substation, La Tour Koenig Substation and Fort Victoria 66 kV Switching Substation.

### **Jinfei 66/22 kV Substation**

This substation is being constructed to cater for the projected load of the Jinfei Economic Zone, as well as for the future load growth in this part of the island.

Electrical and civil design works were completed and all substation equipment was procured. Civil works relating to the construction of the substation were completed and the building was handed over to the CEB in 2013. The installation of the substation equipment (22 kV & 66 kV), which started in 2013, is in progress. The installation of 22 kV switchgear panels has been completed and commissioning of the substation is scheduled for mid-2015.

### *Bus Zone Protection at 66 kV Anahita, Dumas and Union Vale Substations*

In line with the recommendation of PB Power, bus zone protection schemes were implemented at Anahita and Union Vale substations. Installation of 66 kV bus zone protection at Dumas substation is in progress and is scheduled to be completed in 2015.

### *Construction of Additional 66 kV Bay at La Chaumière Substation – Sarako project*

A new 66 kV bay to allow the connection of the Sarako 15 MW PV farm was commissioned in February 2014. The civil works were carried out by Sarako.

It is to be noted that the Sarako PV farm has generated some 20 GWh from February to December 2014, representing 0.8 % of total units generated for the year.

### *66 kV Bay Curepipe Point at Henrietta Substation*

The Curepipe Point wind farm project, awarded to Suzlon/Padgreen, was originally expected to be operational in mid-2015. Connection of this new wind farm to the grid will require the construction of an additional 66 kV bay at Henrietta Substation.

Construction works were completed in 2013 and electrical equipment has already been procured. Installation and commissioning of electrical equipment, which were scheduled to be carried out in 2014, have been re-scheduled for 2015.

### *Erection of 66 kV Bays at Henrietta and Combo Substations for Case Noyale 66 kV Line*

In connection with the construction of the Case Noyale 66/22 kV substation, additional 66 kV bays would be required at Henrietta and Combo Substations. The erection of the 66 kV line was completed in 2014. Commissioning at 66 kV is scheduled for 2016, together with commissioning of the Case Noyale 66/22 kV Substation.

### *La Tour Koenig 66/22 kV Substation*

This substation will provide power to the Industrial zone of la Tour Koenig, while relieving our existing 22 kV feeders.

The installation of substation equipment, which started in September 2010, was severely hampered by a major theft in 2012. The switchgear panel's missing parts were received in early 2014 and the mounting is in progress. It is to be noted that Schneider has recommended that the flooring of the substation be done anew in order to achieve correct floor leveling. The flooring works are in progress and are scheduled to be completed by March 2015.

Transportation of the Power Transformers to La Tour Koenig and their positioning were completed in December 2014. The commissioning of the substation has now been re-scheduled for the end of 2015.

### *66 kV Switching Substation at Fort Victoria*

This switching station caters for the evacuation of power from the Fort Victoria re-development project and for the supply to the Neotown project at Les Salines. Geotechnical and Topographical surveys were carried out in mid-2013 and the contract for the procurement of services for the construction of the proposed switching station was awarded in late 2013. Project implementation has started in early 2014 and is expected to be completed in 2015.

### *Reconstruction of 22 kV Major Substation*

There are presently seventeen 22 kV outdoor oil circuit-breakers installed at our outdoor substations island-wide. Replacement of these breakers by SF6 circuit-breakers, and the renewal of old erratic battery sets are under way.

In 2014, renewal of batteries and battery chargers were carried out at Union Vale, Caudan, Fort George and Combo Substations.



## Upgrading and Extension of La Chaumière Substation

The above works, comprising the refurbishment of building, renewal of earth-mat, and painting of gantry were completed in 2014

## DISTRIBUTION

In order to cope with the normal load growth and cater for the demand of new customers, the following works were completed in the distribution sector during the year under review.

### 22 kV Rings and Feeders

The under-mentioned projects were implemented in 2014 with a view to improving the reliability and quality of supply, and reducing line losses:

- 22 kV ring on feeder Union Vale – Combo at Camp La Hache, L'Escalier (1 km)
- 22 kV ring between feeders Wooton – Nouvelle France and Wooton – Le Val Motorway along Highway towards Wireless Road to Beau Climat (14 km)
- 22 kV ring Mare d'Albert – Gros Bois – La Rosa on 22 kV feeder Ferney – Union Vale – Le Val (0.6 km)
- 22 kV ring Le Morne- Berjaya
- 22 kV ring Poste Lafayette – L'Aventure
- 22 kV St. Francois Xavier
- 22 kV feeder Ebène – Tang
- 22 kV Ebène – La Source.

### MV Reconstruction and Distribution Network Reinforcement

In order to enhance the reliability of supply and reduce line losses, the following projects were implemented in 2014:

- Reconstruction of part of 22 kV feeder Ferney – Union Vale at Grand Bel Air (1.8 km)
- Undergrounding and reconstruction of part of 22 kV feeder Ferney – Union Vale at Old Airport Road, Plaine Magnien near PATS
- Re-routing and insulating of part of feeder Combo – La Prairie from Chemin Grenier to Camp Charlot (2.3 km)
- Installation of motorized SF6 Gas Insulated Load-Break Switch with Remote Control on Le Val Motorway feeder at Beemanique and on feeder Combo – La Prairie at Camp Charlot
- Reconstruction of part of 22 kV feeder Ferney – GRSE Coastal line (4.5 km)
- Re-routing of Côte D'Or Feeder (2.6 km)
- HT reconstruction Edgar Laurent Street, Curepipe (1.2 km)
- Re-routing of 22 kV feeder Ferney – Anahita at Petit Sable, Grand Sable and Bambous Virieux (2.6 km)
- Undergrounding of feeder Roches Brunes from La Chaumière.

### Conversion of 6.6 kV feeders to 22 kV

In the context of meeting the reduction targets of our line losses, the following projects were implemented in 2014:

- Upgrading of St. Paul feeder from 6.6 kV to 22 kV and conversion of 4 Tx
- Conversion of 6.6 kV Barracks feeder
- Upgrading of Brown Sequard feeder from 6.6 kV to 22 kV and conversion of 7 Txs
- Conversion of 6.6 kV Commercial feeder
- Upgrading of part of 6.6 kV Sodnac feeder to 22 kV and conversion of 5 Tx
- Upgrading of Beau-Bassin feeder from 6.6 kV to 22 kV and conversion of all transformers from 6.6 kV to 22 kV
- Erection of 40 poles and upgrading of overhead line fittings on 6.6 kV feeder Berthaud
- Conversion of 6.6 kV to 22 kV in Quatre-Bornes: Main Cable laid from La Louise to St. Jean has been commissioned and 14 transformers converted.
- Decommissioning of OD/VL at PCL and 6.6 kV TX PCL converted to 22 kV.
- Conversion of Stanley feeder.

### Inspection of Poles on 66 kV and Distribution Networks

With a view to improving the security of supply and the reliability of the network, the CEB has embarked on a programme which involves the systematic testing and replacement of insecure wooden poles, and the replacement of all round concrete poles which were erected some 40 years ago.

Some 980 HT and LV poles were replaced island-wide during 2014.

## SYSTEM CONTROL

### Implementation of Recommendations of PB Power

In line with the recommendations of PB Power, bus zone protection schemes were completed at Anahita and Union Vale Substations. Installation of 66 KV bus zone protection at Dumas Substation is in progress and is scheduled to be completed in 2015. Formalities have also been initiated for the gradual replacement of static protection relays by numerical units on the distribution system. This will improve discrimination and, hence, the reliability of our distribution system. In 2014, definite time relays were replaced by IDMT relays at Henrietta Substation.

### SCADA System Upgrade

In 2014, formalities were initiated for the procurement of battery chargers to replace the existing DC system. The latter had been in operation since 1983 and its spare parts were no longer available. However, there was no responsive bidders for the equipment. A fresh tender exercise will be carried out in 2015, with revised specifications.

### Remote Terminal Unit

The SCADA system presently communicates with Remote Terminal Units (RTUs) located at all substations. These RTUs were originally supplied by Microsol, and it is becoming very difficult to procure spares because the corresponding cards have gone out of production.

Replacement of Microsol RTUs by RTUs C264, supplied by Areva, has been completed at all substations, except at Sottise and at Dumas. Currently, RTUs C264 are operational at 17 substations.

## MAJOR DISTRIBUTION PROJECTS

Major electrical infrastructural works were performed in 2014 to supply the following important consumers:

- a) Gamma Civic (2.4 MVA) – Fond du Sac
- b) Sun Packaging Ltd. (2 MVA) – Mer Rouge, Port-Louis
- c) Alteo Refinery (1 MVA) – FUEL

## SAIDI AND SAIFI INDICES OF DISTRIBUTION AREAS

The average SAIDI and SAIFI indices for the year under review for the three geographical areas are given below.

| Parameters | Units | Areas  | 2013 | 2014 |
|------------|-------|--------|------|------|
| SAIDI      | Hours | North  | 2.03 | 2.01 |
|            |       | Centre | 3.28 | 2.63 |
|            |       | South  | 4.89 | 4.84 |
| SAIFI      | Index | North  | 0.58 | 0.6  |
|            |       | Centre | 1.28 | 1.08 |
|            |       | South  | 2.49 | 2.16 |

**SAIDI (System Average Interruption Duration Index)** is the average duration of interruption of electricity experienced by a customer during the year.

**SAIFI (System Average Interruption Frequency Index)** is the average number of times a customer has experienced interruption of electricity during the year.

## MAINTENANCE WORKS

During the year, regular maintenance works, including tree lopping, were carried out on networks with a view to reducing the risks of power outages. Infrared-sensing devices for monitoring specific equipment and network analysers were also used to detect any abnormal performance of equipment and ensure the quality of supply.

## TREE LOPPING/FELLING

Numerous trees, which were in proximity to the electricity networks, were felled during the year in order to improve the clearance with overhead cables and conductors. The branches of trees can adversely affect the supply of electricity, especially during windy and cyclonic conditions.

## METER LABORATORY

### Testing, Commissioning and Inspection of Meters

In 2014, some 500 Smart Meters were installed and commissioned at MDI consumer premises.

Other important activities of the Meter Laboratory included the inspection and verification of MDI metering installation to uncover cases of tampering and under-billing, and the testing of doubtful meters forwarded by the Revenue Protection unit

### Automatic Meter Reading (AMR)

All HT consumers are metered with Smart Meters that have the Automatic Meter Reading facilities (AMR meters). Some 6,422 AMR meters comprising MDI consumers, SSDGs, MSDGs and Irrigation consumers are being remotely accessed using Multidrive Software (Meter Management Software). The readings, obtained via GPRS network on a monthly basis, are processed by the Revenue Management Section and thereafter migrated to SAP. Inspections are carried out by the Meter Lab Officers on site if any doubtful readings and alarms are observed. This project enables billing to be carried out on the 1<sup>st</sup> of every month and accounts for nearly 52 % of our total revenue.

### Prepaid Electricity Supply

In line with Government's policy for the eradication of poverty, the CEB has, in collaboration with Mauritius Telecom, been actively involved in the development and implementation of a pilot project regarding pre-paid metering. Customers who are supplied through the pre-paid metering system can recharge their electricity account by using e-vouchers which are available at Orange retailers and at CEB Customer Service Centres. A SMS is sent to the customer whenever his balance is below a certain critical level. The supply is disconnected on weekdays whenever the balance becomes negative. A Meter Management Software (Multidrive System) has been commissioned to provide functionalities that will enable the remote configuration and reading of meters, and raise alerts in case of meter tampering. Eventually, it will enable customers to have web-access to their own consumption profiles with a view to better managing their energy consumption.

It is to be noted that some 50 pre-paid meters have been configured, out of which twenty-two meters have already been installed.

### Energy Audit

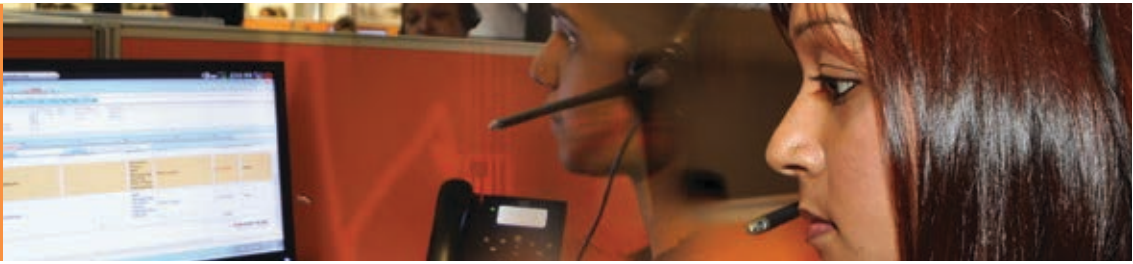
The new Energy Audit Scheme involves the installation, on a pilot project basis, of AMR meters in feeder panels at substation level on 22 kV feeders in order to monitor feeder loadings, determine losses on the network, and, in some cases, determine cases of fraudulent abstraction of electricity.

In 2014, Smart Meters, complete with AMR facilities, were installed at Anahita, Ebène, Sottise, and Jin Fei substations. It is to be highlighted that all data collected by the Smart Meters are made available to engineering staff for further analysis, as and when required.

### Accuracy Test of IPP and Private Meters

The following works were undertaken by the Meter Laboratory in 2014:

- Testing of a high accuracy (Class 0.2) Import and Export Meter for Sotravic Ltd. at Mare Chicose;
- Function tests were conducted, together with Production & NUG Departments, at Union Vale (CTSAV Meters), Combo Substation (CTDS Meters) and CTBV to ensure that the switching over of tariff coal/ bagasse was being done correctly in the meters;
- Testing and calibration of some 100 private meters.



## CUSTOMER SERVICES

During the past few years, the CEB has reoriented its strategies and re-positioned itself as a customer-centric business with a view to achieving excellence in customer service delivery.

More customer-friendly business operations, rapid service delivery, and provision of additional payment channels are among the numerous measures taken to provide yet a better service to our customer base which, at the year-end, reached 429,971 customers in Mauritius, representing a 2 % increase on the previous year.

The Customer Services Division is organised along of three main business units, namely, Customer Services and Interactions, Revenue Management, and Revenue Protection, all of which work in close collaboration to offer a prompt and efficient service to customers.

## CUSTOMER SERVICES AND INTERACTIONS

All customer contacts throughout the island are managed by the Customer Services and Interactions Section, which regroups 15 walk-in centres, 3 stand-alone Cash Offices, and the 130 Helpdesk.

The following projects were implemented to enhance customer services delivery during the review period.

### Upgrading of Customer Service Centres

The programme for the complete renovation of our Customer Service Centres (CSCs) island-wide was continued in 2014 with a view to facilitating access to our services by customers, while providing a pleasant working environment for our employees.

The renovation of the CSC at Bramsthan was completed in January 2014. Since the start of the renovation programme in 2007, a total of eight CSCs have been totally renovated. The renovation of another two CSCs are planned at Goodands and La Mivoie respectively and the works are expected to start in 2015.

### Service Response Time

The response time to the requests of customers is a very important aspect of service delivery and requires close monitoring. Two Key Performance indicators (KPIs) have been identified to that effect. The first KPI (KPI fins) indicates the average number of days between an application being lodged at the CEB and the first site visit to the customer's premises. The second KPI (KPIp2m) indicates the average number of days between payment being made for a new supply and the effective connection to the CEB grid.

In 2014, a total of 25,203 applications for new electricity supply were received. A first inspection was carried out within an average of 5 days as from the date of application, whilst the customer was connected to the grid within an average number of 5 days after payment of security deposit and connection fees.

### CEB 130 Helpdesk

The CEB is one of the few organisations in Mauritius which provide emergency repairs on a 24/7 basis.

During the year 2014, the CEB 130 Helpdesk successfully handled some 266,828 in-bound calls in connection with emergency repairs, enquiries and other requests for information.



## Extension of Business Hours on Saturdays

The CEB has extended its operating hours to include Saturdays at a selected number of Customer Service Centres. Henceforth, customers who are not able to undertake their transactions, such as payment of bills and application for electricity services, during weekdays can benefit from the extended opening hours.

During 2014, some 45,733 transactions were recorded on Saturdays at these locations.

## Disconnection for Non-Payment

The disconnection of outstanding accounts is carried out on specific days on a monthly basis. During 2014, some Rs 50 million of outstanding debts were recovered.

## Customer Satisfaction Survey

As in previous years, a customer satisfaction survey was conducted in 2014 on a sample of our customer base in order to assess their perception of the quality of service being offered.

A Customer Satisfaction Index of around 72% was registered, which is an improvement over the figure for 2013. The survey also uncovered a few problem areas which would be addressed by the CEB to enhance its service delivery.

## REVENUE MANAGEMENT

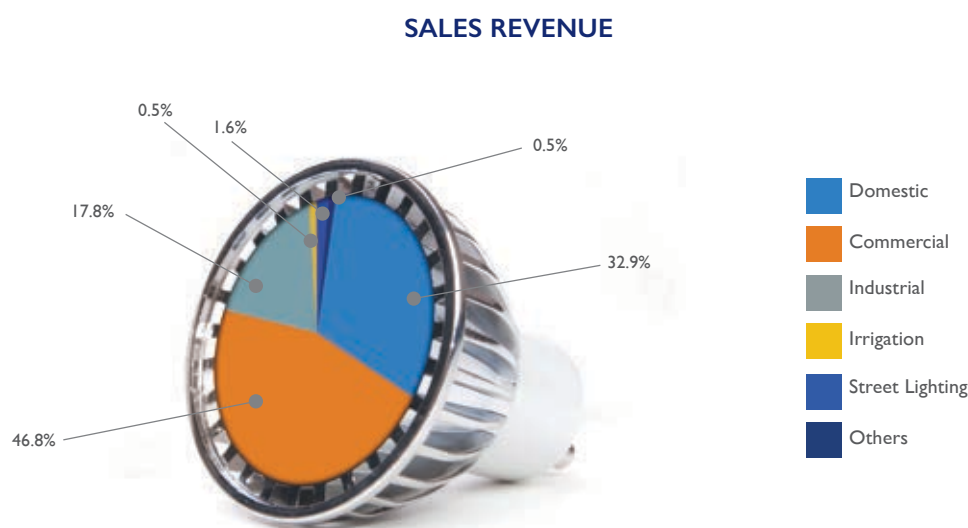
The Revenue Management Unit deals with all customer-related financial functions, namely Meter Reading, Billing, Cash Collection and Debt Recovery.

The main activities involve: ensuring timely billing, invoicing and despatching of invoices, optimising debt collection, and minimising revenue losses.

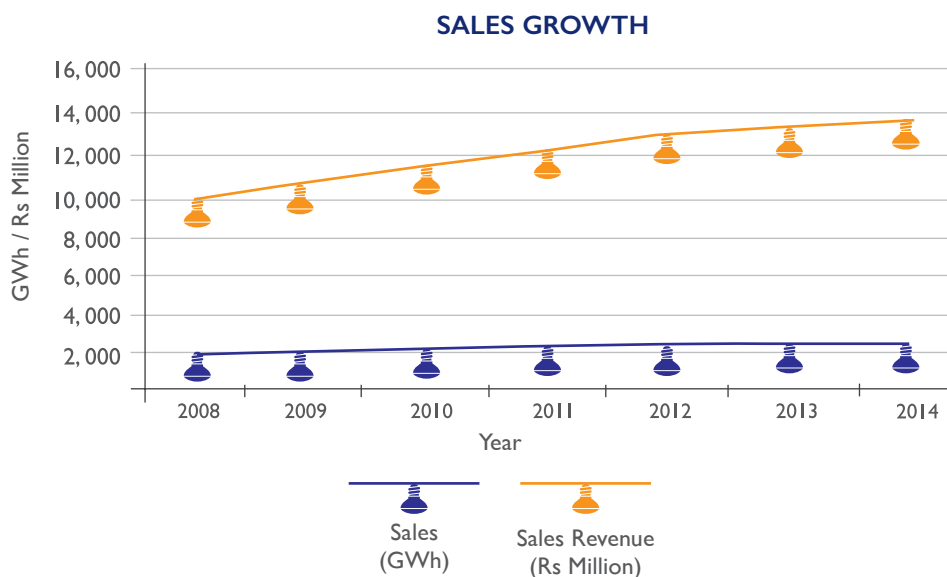
### Revenue Collected

During the year under review, some 5.3 million meter readings were carried out to enable billing of electricity consumption that generated sales revenue of Rs 13.8 billion. This figure represents an increase of 3.3 % on the previous year.

The sales revenue distribution among the different categories of customers is represented in the pie-chart below:



The revenue progression for the period 2008 to 2014 is illustrated in the chart below:



## Under-Billing

During 2014, the revenue recovered from under-billing cases, due to technical problems in metering equipment and inappropriate tariff assignments, was of the order of Rs 3 million. It is to be noted that the installation of Smart Meters has enabled the prompt detection of technical problems. Consequently, under-billing cases have significantly decreased.

## Projects

The main projects implemented by the Revenue Management Unit during 2014 are listed below:

### *Replacement of Electro-mechanical Meters for MDI Customers*

The project for the replacement of electro-mechanical meters by electronic ones, which was initiated in 2010 to enhance accurate billing and mitigate risks of loss in revenue, was continued in 2014. An additional 261 electro-mechanical meters were replaced, taking the total to 717 since the implementation of the project.

### *Automatic Meter Reading (AMR)*

The number of customers equipped with AMR meters reached 3,634 by the end of 2014, representing 50 % of our total sales. It is to be noted that this project has been implemented with in-house capabilities and has contributed to the improvement in cash-flow through the reduction in time-lag between consumption and billing.

### *Diversifying Payment Channels*

In addition to traditional payment modes at the cash desks of the CEB, the counters of Mauritius Post, and electronic channels such as Internet Banking (SBI and MCB) and SBM Billpay, electricity bills can now be settled by SMS through the Orange Money Platform and Points of Sales at Winners Supermarkets.

During the review period, customers were sensitized anew on the advantages of the above-mentioned electronic payment channels, leading to more than 50,000 electronic transactions, totalling collection of around Rs 87 million.

The payment of electricity bills through Post Office counters was extended to Rodrigues in 2014, with five Post Office counters being put at the disposal of customers.

### *Pre-paid Tariff for Vulnerable Groups*

The pre-paid metering system consists of the installation of Smart Meters at customers' premises, which are equipped with a special modem to communicate with a central server using the mobile telephony technology. The customer can purchase electricity credits at retailers' points of sale as they do for pre-paid mobile telephones.

The project was launched in September 2013 by the Ministry of Social Integration and Economic Empowerment, in line with Government's policy to eradicate poverty. It will concern 1,600 socially vulnerable customers, after the conduct of a pilot phase. At the end of 2014, a total of 22 customers adopted the pre-paid tariff.

The incentives provided for enrolment on the Pre-paid Metering System as per the Budget Speech 2014 are as follows:

- Waiver of Connection Fee of Rs 750, applicable for fresh applications for electricity supply for the first 400 customers.
- Connection fee of Rs 750 will not apply to existing customers who are already on the post-paid system and would be interested to swap to the pre-paid system.
- Rs 100 worth free electricity offered as a one-off measure for the pilot phase.
- Meter Rent of Rs 10, applicable to domestic supplies, to remain unchanged.

### *Future Projects*

The following projects have been earmarked by the Revenue Management Section for 2015:

#### *Additional Payment Channels*

Negotiations are ongoing with other local banks and telecommunication companies with a view to extending facilities of electronic payment to all customers.

#### *Automatic Meter Reading (AMR)*

The communication between meters and the CEB server is presently made through MT (Orange). In order to enable wider deployment of this facility, discussions are ongoing with other telecommunication companies.

#### *Electronic Despatch of Electricity Bills*

In order to meet increasing requests from customers for soft copies of electricity bills, a process will be put in place for electronic despatch of a copies of electricity bill by e-mail.

#### *Barcoding (Pilot Project)*

With a view to increasing efficiency at cash collection points and eliminating errors resulting from incorrect input of data, it is planned to implement a "Barcoding" system on a pilot basis.

## REVENUE PROTECTION

The Revenue Protection Unit deals with the investigation and recovery of revenue losses due to illegal abstraction and consumption of electricity. Over the past few years, there has been a significant increase in the amount of revenue collected from fraud cases. The CEB has reinforced its policy by resorting to the disconnection of electricity supply, civil law-suits, and police cases against the offenders.

In 2014, around 1,582 confirmed cases of illegal abstraction of electricity were detected and a total amount of Rs 27,207,509 was recovered.

| Revenue Collected from Fraud Cases |                      |                        |                        |            |
|------------------------------------|----------------------|------------------------|------------------------|------------|
| YEARS                              | Domestic Tariff (Rs) | Commercial Tariff (Rs) | Industrial Tariff (Rs) | Total (Rs) |
| 2007                               | 2,559,431            | 4,947,370              | 10,241,743             | 17,748,544 |
| 2008                               | 3,005,849            | 5,615,827              | 2,245,000              | 10,866,676 |
| 2009                               | 2,582,509            | 6,387,148              | 314,221                | 9,283,878  |
| 2010                               | 3,853,924            | 9,246,500              | 2,448,929              | 15,549,353 |
| 2011                               | 7,782,926            | 4,722,898              | 1,664,278              | 14,170,102 |
| 2012                               | 23,201,076           | 13,813,140             | 1,459,639              | 38,473,855 |
| 2013                               | 18,749,889           | 17,186,425             | 1,415,508              | 37,352,122 |
| 2014                               | 14,374,439           | 10,229,846             | 2,603,224              | 27,207,509 |

The CEB has also introduced Automatic Meter Reading (AMR) for big customers with a view to enabling faster detection of fraud and deterring tampering of meters.

Moreover, during 2014, around 19,415 inspections were carried out island-wide with a view to detecting illegal abstraction of electricity, while also acting as a strong deterrent to potential hackers.



### CUSTOMERS PER TARIFF

| CATEGORY               | CODE                | 2010           | 2011           | 2012           | 2013           | 2014           |
|------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|
|                        | 110/111             | 124 612        | 125 101        | 125 432        | 125 683        | 126 437        |
|                        | 120/121             | 189 423        | 195 188        | 201 673        | 206 966        | 212 082        |
|                        | 140/141             | 39 654         | 40 942         | 42 602         | 44 589         | 45 762         |
| <b>Domestic</b>        | <b>S/Total</b>      | <b>353 689</b> | <b>361 231</b> | <b>369 707</b> | <b>377 238</b> | <b>384 281</b> |
|                        | 209/210/215         | 34 332         | 34 888         | 35 587         | 36 138         | 36 909         |
|                        | 211/212/213/217     | 1 373          | 1 472          | 1 560          | 1 632          | 1 705          |
|                        | 221/223/225/245/250 | 108            | 116            | 135            | 157            | 163            |
| <b>Commercial</b>      | <b>S/Total</b>      | <b>35 813</b>  | <b>36 476</b>  | <b>37 282</b>  | <b>37 927</b>  | <b>38 777</b>  |
|                        | 309/310/315         | 5 406          | 5 193          | 5 080          | 4 958          | 4 796          |
|                        | 311/313/341         | 681            | 700            | 731            | 751            | 762            |
|                        | 312/317             | 149            | 139            | 127            | 123            | 111            |
|                        | 320                 | 2              | 2              | 2              | 2              | 2              |
|                        | 321/323/351         | 18             | 19             | 22             | 26             | 30             |
|                        | 322/325             | 7              | 7              | 7              | 7              | 7              |
|                        | 330/340             | 7              | 8              | 8              | 8              | 11             |
|                        | 350                 | 4              | 5              | 6              | 6              | 6              |
|                        | 411/421             | 10             | 9              | 9              | 9              | 8              |
|                        | 412/422             | -              | -              | -              | -              | -              |
| <b>Industrial</b>      | <b>S/Total</b>      | <b>6 284</b>   | <b>6 082</b>   | <b>5 992</b>   | <b>5 890</b>   | <b>5 733</b>   |
| <b>Irrigation</b>      | <b>511/515</b>      | <b>493</b>     | <b>504</b>     | <b>525</b>     | <b>553</b>     | <b>579</b>     |
|                        | <b>S/Total</b>      | <b>493</b>     | <b>504</b>     | <b>525</b>     | <b>553</b>     | <b>579</b>     |
| <b>Street Lighting</b> | <b>510</b>          | <b>422</b>     | <b>458</b>     | <b>499</b>     | <b>541</b>     | <b>601</b>     |
|                        | <b>S/Total</b>      | <b>422</b>     | <b>458</b>     | <b>499</b>     | <b>541</b>     | <b>601</b>     |
| <b>GRAND TOTAL</b>     |                     | <b>396 701</b> | <b>404 751</b> | <b>414 005</b> | <b>422 149</b> | <b>429 971</b> |

### SALES OF ENERGY (kWh) PER TARIFF

| CATEGORY               | CODE             | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 |
|------------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                        | 110/111          | 194 054 333          | 196 295 708          | 200 947 620          | 204 983 319          | 207 597 376          |
|                        | 120/121          | 372 488 661          | 382 187 780          | 398 918 764          | 415 625 836          | 430 066 291          |
|                        | 140/141          | 128 769 114          | 131 512 846          | 137 130 583          | 143 404 712          | 151 179 149          |
| <b>Domestic</b>        | <b>S/Total</b>   | <b>695 312 108</b>   | <b>709 996 334</b>   | <b>736 996 967</b>   | <b>764 013 867</b>   | <b>788 842 816</b>   |
|                        | 209/210/215      | 165 190 210          | 171 297 446          | 169 213 270          | 170 554 040          | 176 731 990          |
|                        | 211/212/213/217  | 351 774 154          | 354 106 814          | 358 574 622          | 361 379 586          | 367 081 363          |
|                        | 221/223/225      | 218 429 411          | 255 369 420          | 267 829 845          | 288 936 235          | 315 529 976          |
|                        | 245              | 575 561              | 485 351              | 436 123              | 389 678              | 474,080              |
|                        | 250              | 3 614 383            | 5 422 608            | 13,670,468           | 21,197,754           | 24,251,368           |
| <b>Commercial</b>      | <b>S/Total</b>   | <b>739 583 719</b>   | <b>786 681 639</b>   | <b>809 724 328</b>   | <b>842 457 293</b>   | <b>884 068 777</b>   |
|                        | 309/310/315      | 29 775 877           | 28 934 729           | 28 659 044           | 28 332 994           | 27 980 372           |
|                        | 311/313/341      | 242 898 421          | 247 542 144          | 253 193 300          | 247 986 337          | 246 743 503          |
|                        | 312/317          | 85 202 457           | 82 134 103           | 75 821 359           | 76 857 704           | 73 827 980           |
|                        | 320              | 1 222 407            | 1 409 209            | 1 224 998            | 1 162 027            | 1 141 088            |
|                        | 321/323/351      | 85 822 069           | 92 233 327           | 97 311 917           | 110 658 494          | 123 218 372          |
|                        | 322/325          | 156 972 316          | 146 502 036          | 146 835 785          | 157 457 768          | 146 650 040          |
|                        | 330              | 12 465 746           | 13 605 445           | 13 880 448           | 14 024 715           | 13 893 692           |
|                        | 340              | 7 149 621            | 7 800 242            | 9 015 075            | 9 535 247            | 9 919 000            |
|                        | 350              | 26 208 116           | 31 383 875           | 31 295 847           | 37 341 829           | 39 609 085           |
|                        | 411/421          | 4 096 240            | 3 361 103            | 3 280 675            | 4 274 767            | 3 094 917            |
|                        | 412/422          |                      |                      |                      |                      |                      |
| <b>Industrial</b>      | <b>S/Total</b>   | <b>651 813 270</b>   | <b>654 906 213</b>   | <b>660 518 448</b>   | <b>687 631 882</b>   | <b>686 078 049</b>   |
|                        | 511/515          | 23 814 590           | 22 490 994           | 24 931 090           | 25 354 250           | 26 616 657           |
| <b>Irrigation</b>      | <b>S/Total</b>   | <b>23 814 590</b>    | <b>22 490 994</b>    | <b>24 931 090</b>    | <b>25 354 250</b>    | <b>26 616 657</b>    |
| <b>Street Lighting</b> | <b>510</b>       | <b>30 901 976</b>    | <b>24 359 470</b>    | <b>24 760 136</b>    | <b>25 648 872</b>    | <b>27 588 395</b>    |
| <b>Temporary</b>       | <b>610/615</b>   | <b>220 445</b>       | <b>220 882</b>       | <b>250 550</b>       | <b>243 327</b>       | <b>313 729</b>       |
| <b>Miscellaneous</b>   | <b>2 974 888</b> | <b>2 696 359</b>     | <b>6 624 873</b>     | <b>6 492 097</b>     | <b>4 535 868</b>     |                      |
|                        | <b>S/Total</b>   | <b>34 097 310</b>    | <b>27 276 711</b>    | <b>31 635 559</b>    | <b>32 384 296</b>    | <b>32 437 993</b>    |
| <b>CEB</b>             | <b>2 841 667</b> | <b>2 952 524</b>     | <b>2 964 119</b>     | <b>3 089 463</b>     | <b>3 545 536</b>     |                      |
| <b>GRAND TOTAL</b>     |                  | <b>2 147 462 664</b> | <b>2 204 304 415</b> | <b>2 266 770 511</b> | <b>2 354 931 051</b> | <b>2 421 589 828</b> |

### kWh PER CUSTOMER PER CATEGORY

| CATEGORY             | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Domestic             | 1 874     | 1 913     | 1 966     | 1 964     | 1 993     | 2 025     | 2 053     |
| Commercial           | 19 189    | 19 847    | 20 651    | 21 497    | 21 719    | 22 213    | 22 799    |
| Industrial           | 99 705    | 96 604    | 103 726   | 107 679   | 110 233   | 116 746   | 119 672   |
| Irrigation           | 55 497    | 42 777    | 48 305    | 44 631    | 47 488    | 45 849    | 45 970    |
| Street Lighting      | 93 867    | 84 099    | 73 227    | 53 187    | 49 620    | 47 410    | 45 904    |
| Others               | 5 395 316 | 4 890 029 | 6 037 000 | 5 869 446 | 9 839 542 | 9 824 887 | 8 395 134 |
| All categories mixed | 5 306     | 5 237     | 5 413     | 5 439     | 5 475     | 5 578     | 5 632     |

### VARIATION OF SALES PER CATEGORY OF CUSTOMERS FOR THE YEARS 2012-2014

| CATEGORY OF CONSUMER | kWh Sold      |               |               | % Increase over previous year |           |
|----------------------|---------------|---------------|---------------|-------------------------------|-----------|
|                      | 2012          | 2013          | 2014          | 2012/2013                     | 2013/2014 |
| Domestic             | 736 996 967   | 764 013 867   | 788 842 816   | 4                             | 3         |
| Commercial           | 809 724 328   | 842 457 293   | 884 068 777   | 4                             | 5         |
| Industrial           | 660 518 448   | 687 631 882   | 686 078 049   | 4                             | 0         |
| Irrigation           | 24 931 090    | 25 354 250    | 26 616 657    | 2                             | 5         |
| Others               | 34 599 678    | 35 473 759    | 35 983 529    | 3                             | 1         |
| TOTAL                | 2 266 770 511 | 2 354 931 051 | 2 421 589 828 | 4                             | 3         |

### PERCENTAGE SALES TO EACH CATEGORY

| CATEGORY        | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
| Domestic        | 31.43 | 32.56 | 32.38 | 32.21 | 32.51 | 32.44 | 32.58 |
| Commercial      | 32.76 | 34.05 | 34.44 | 35.69 | 35.72 | 35.77 | 36.51 |
| Industrial      | 32.59 | 30.52 | 30.35 | 29.71 | 29.14 | 29.20 | 28.33 |
| Irrigation      | 1.27  | 1.00  | 1.11  | 1.02  | 1.10  | 1.08  | 1.10  |
| Street Lighting | 1.68  | 1.63  | 1.44  | 1.11  | 1.09  | 1.09  | 1.14  |
| CEB + Others    | 0.27  | 0.27  | 0.27  | 0.27  | 0.27  | 0.27  | 0.27  |
| GRAND TOTAL     | 100   | 100   | 100   | 100   | 100   | 100   | 100   |



## HUMAN RESOURCES

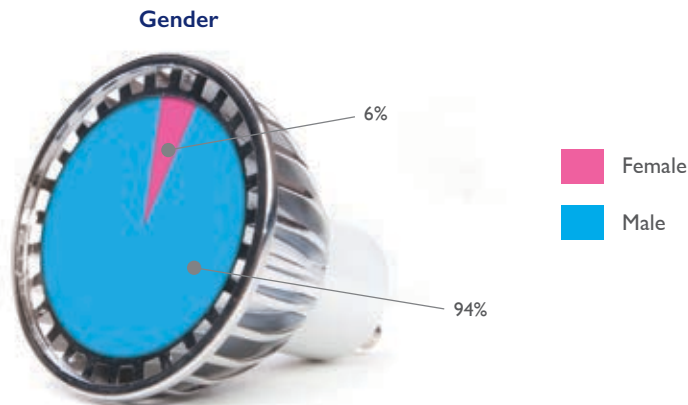
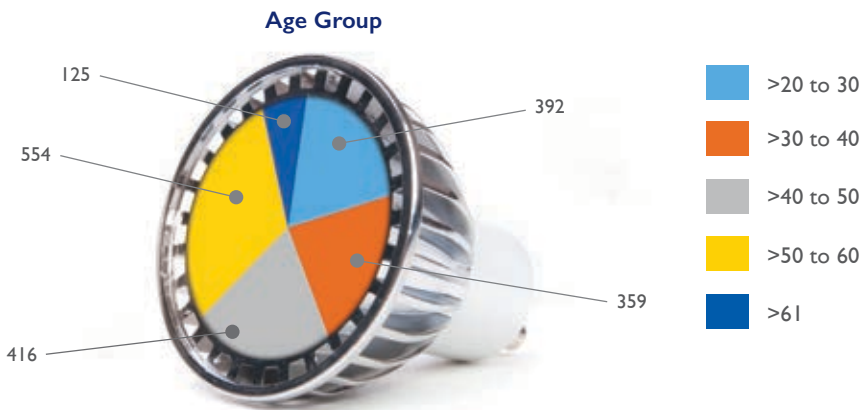
Reliable electricity supply is dependent on many factors, but primarily on people with the necessary expertise to provide leadership and to apply strategies, processes, systems and practices in the various functional areas of the business.

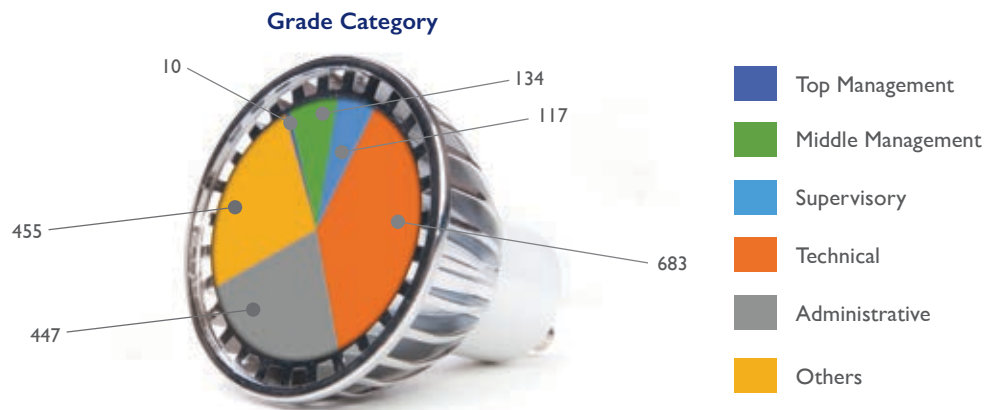
During the period under review, the utility has lived up to its mission of providing an essential service to the nation, amidst growing adversity and economic turbulence. Our employees, operating at different levels, have, undoubtedly, been the architect of this performance through their initiative and dedication.

## MANPOWER

Seventy five people left the CEB during the year 2014; this was mainly due to normal attrition, including retirements, deaths and resignations. During the same period, six new staff members were recruited. The labour force in Mauritius as at year-end stood at 1,846.

Some key human resource indicators are shown hereunder:





## Implementation of the Collective Agreement 2013-2017

Following the Board's approval of the Salary Consultant's Report on the revised Pay Structure and other Terms and Conditions of Service, the new salaries were paid to all the employees, and the revised conditions of service were implemented.

The new remuneration package and the revised conditions of service aim at boosting employee morale and commitment, and eventually lead to enhanced performance and productivity. They also aim at developing a new corporate culture whereby there will be greater accountability, more teamwork, and a renewed commitment to customer services. They have, at the same time, helped to maintain good employee relations.

## Recruitment and Selection

As part of its strategy for talent management, the CEB is committed to acquiring, retaining and developing the best talent and skills. After their appointment, new employees are required to undergo an induction programme with a view to equipping them with the skills and knowledge required in their new roles, as well as inculcating in them the organisational culture.

During the year 2014, some seventeen positions were filled at various levels of the organisation, and about fifty employees were promoted to higher posts.

## EMPLOYEE RELATIONS

The Employee Relations Unit provides direction, advice, and support to the Organisation and employees at large on the interpretation and application of Collective Agreements, internal regulations, employment-related legislation and other employment issues.

### JNC Meetings/ Consultations

Regional and Joint Negotiation Committee meetings were held on a regular basis with the three recognised unions (CEB Workers Union, Union of Employees of CEB and Other Energy Sector, & CEB Staff Association) to address various employee relations issues. These meetings are considered as essential by Management for building an effective and harmonious working relationship with the unions and employees at large.

In June 2013, Consultant B. C. Appanna was appointed by the Board to carry out the review of the Salary and Conditions of Service of CEB employees for the period July 2013 to June 2017. The Consultant submitted a preliminary report in December 2013. Negotiations with the three recognised Unions were initiated with a view to signing a Collective Agreement for the period July 2013 to June 2017.



The report consisted, *inter-alia*, of:

- (a) A revised pay structure;
- (b) A review of terms and conditions of employment; and
- (c) A review of Performance Management System and the Productivity Bonus Scheme.

After lengthy and fruitful negotiations, Collective Agreements on revised salaries and conditions of service were signed between the CEB and the 3 Unions as follows:

| Union  | Date signed  |
|--|--------------|
| CEB Workers Union                                  | 25 June 2014 |
| CEB Staff Association                              | 27 June 2014 |
| Union of Employees of CEB and other Energy Sectors | 2 July 2014  |

The above parties also agreed to continue negotiations on some residual issues and eventually sign an addendum to the Collective Agreement on matters that are settled.

## TRAINING AND DEVELOPMENT

The CEB encourages principles of human resources and organizational development that support the achievement of both individual and organisational goals and objectives by providing a number of training and development programmes. Our learning strategy is geared towards developing employees to perform at their best in their current positions, build an internal pipeline for future skills requirements, and create career opportunities.

### Training Needs Analysis

Alentaris Consulting Ltd. was selected to conduct an organisation-wide Training Needs Analysis in 2013. The consulting firm submitted a comprehensive report in May 2014 on the different training needs identified across the various departments of the CEB. As part of the consultancy assignment, some 60 CEB officers, both from Mauritius and Rodrigues, attended a Training of Trainers course. The objective of this strategy was to form an internal pool of trainers in different fields of activities of the CEB, and ultimately deliver in-house training. An award ceremony was organized at Indian Resort Hotel on 24 May 2014 where the successful trainers were awarded certificates of completion.

### Human Capital Development

In 2014, there was a substantial investment in the training of our employees, both through overseas courses and locally organised training programmes.

The overseas training consisted of different courses, mainly in the technical fields, which were attended by employees from different technical departments.

The local training was mainly made up of courses conducted at CEB's Training School (CFPP). Moreover, employees in different managerial, accounting and technical fields attended various seminars organised by private training institutions in their respective areas of expertise. In line with the provisions of the new Collective Agreement, effective as from July 2013, 343 hours of Continuous Professional Development were sponsored to accounting professionals of the CEB.

Induction training was also given to all new recruits to familiarise them with the company's policies and procedures, prior to their placement in the work set-up.

As part of its Social Responsibility obligation, the CEB also provided short-term work placements to some 175 students from institutions such as the University of Mauritius, the University of Technology, the Mauritius Institute of Training and Development, and the Charles Telfair Institute with a view to offering them the opportunity to gain experience in relation to their respective fields of study.

### CEB Training School

The "Centre de Formation et de Perfectionnement Professionnels (CFPP)" is the Training School of the CEB. It provides technical training to new recruits and refresher courses for existing employees. Training courses are also dispensed to other organisations such as Municipal / District Councils and other private companies.

The various training programmes organised by the CFPP during 2014 include:

### ***Ongoing Training on Line Works***

Training (practical and theoretical) on line works were imparted to some 90 trainee technicians who were recruited in 2012. They successfully completed their training and are now skilled to carry out line-works.

### ***Training to Private Companies***

From 16 to 18 January 2014, the CFPP, jointly with the Health & Safety Section, delivered a crash course to some 20 leading men working for CEB contractors engaged in line-works.

### ***Training in Cyclone Re-instatement***

Some 40 technicians working in the Production Department followed a five-week training course in “Cyclone Re-instatement works”. These technicians will be deployed on site in the event of cyclones causing damage to the electrical network.

### ***Training of Trainers***

The facilities of the CFPP were used to deliver a Training of Trainers course to selected CEB officers by a consulting firm.

## **SAFETY AND HEALTH MANAGEMENT**

The management of Occupational Safety and Health is a primary concern of the CEB, given that the operational activities of the utility encompass multiple types of hazards, such as electrical, mechanical, construction, high structures, underground networks, and flammables. The CEB is highly committed to providing a safe and healthy working environment to all its employees and contractors. The “zero-rate accident” remains a focal point of our safety improvement drive.

A wide range of activities were carried out in 2014 to promote safety and health at the workplace. Recommendations made by the Main and Regional Safety and Health Committees were implemented and several measures were taken to uplift the health and safety status at CEB sites.

### **Promotion of Safety and Health**

During the period under review, the following activities were organised to promote safety and health at work.

#### ***World Day for Safety and Health at Work***

The World Day for Safety and Health at Work was celebrated on 28 April 2014. The theme was “Safety and health in the use of chemicals at work”.

To mark this occasion, a talk on the safe use of chemicals at work was given by a specialist in the field at the CEB’s Training School. Employees from different departments attended the talk.

#### ***Safety Awareness Campaign***

In line with the requirements of OSHA 2005, and with a view to creating awareness, educating, informing, and training our employees in the field of safety and health, numerous talks were held in various sections island-wide. Emphasis was laid on fire safety and safe systems of work. Some 1,253 employees benefited from these sessions.

#### ***Safety Inspection and Enforcement***

During the year, some 367 safety inspections were carried out in Mauritius. Emphasis was laid on safe systems of work and the use of personal protective equipment.

#### ***Safety, Health and Environment (SHE) Audits***

SHE Audits were carried out in CEB sections island-wide with a view to identifying all hazardous conditions. Based on these findings, corrective actions will be taken to make the workplace safer and healthier.

### Health Surveillance

Employees, based at our power stations and those working on electricity networks, were subjected to medical examinations by our Occupational Health Consultant. The objective was to ensure that they were medically fit to perform their assigned tasks.

### Training on Safety and Health

Regular training was provided to in-house employees and employees of CEB contractors at the Training School (CFPP) to further develop their safety awareness and competencies.

### Training in First-Aid

Refresher training in First-Aid was provided to some 40 employees from different sections, as part of CEB's commitment to have a maximum number of first-aiders within its workforce.

## Accident Statistics

During 2014, 32 work-related accidents, requiring more than 3-days' absence from work, were recorded. No fatal accident was registered. The corporate goal of "zero accident" still remains our priority target.

|                 | 2005  | 2006  | 2007  | 2008  | 2009 | 2010  | 2011 | 2012 | 2013  | 2014 |
|-----------------|-------|-------|-------|-------|------|-------|------|------|-------|------|
| Accidents       | 86    | 55    | 79    | 73    | 41   | 38    | 37   | 42   | 56    | 32   |
| Man-Days Lost   | 1,486 | 1,103 | 1,380 | 1,462 | 633  | 922   | 925  | 956  | 982   | 687  |
| Frequency Rate  | 25.98 | 15.8  | 25.05 | 17.03 | 13   | 10.14 | 9.9  | 9.54 | 13.16 | 7.76 |
| Severity Rate   | 0.45  | 0.35  | 0.44  | 0.34  | 0.26 | 0.25  | 0.24 | 0.22 | 0.23  | 0.17 |
| Fatal Accidents | Nil   | Nil   | Nil   | Nil   | Nil  | Nil   | Nil  | Nil  | 1     | Nil  |

## WELFARE AND BENEFITS

The CEB prides itself highly in looking after the welfare of its workforce. In this respect, a wide range of benefits are provided to all employees. The organisation of sports activities is also a regular feature.

Welfare and sports activities, by and large, offer to the following benefits:

- Promotion of better physical and mental health for employees;
- Provision of facilities such as car loan schemes, medical benefits, education loans, passage benefits and recreational facilities for workers and their families, in order to help in raising their standards of living and ultimately their productivity levels;
- Promotion of a sense of belonging to the Organisation and active interest in work activities;
- Promotion of healthy industrial relations; and
- Reduction of social evils prevalent among employees, such as substance abuse.

During the year under review, our employees participated in various sports and recreational activities organised at the level of our different sections island-wide. We also took part in several inter-firm tournaments organised by the Fédération Mauricienne des Sports Corporatifs (FMSC). Moreover, a Ladies' Day was organised on 19 March 2014 at Domaine Les Pailles to mark the Women International Day,

These activities have greatly helped in enhancing the team spirit within the Organisation.



## INFORMATION TECHNOLOGY

The CEB has maintained the expansion of its Information Technology (IT) landscape to enable the Organisation to make optimal use of IT for its operations, control, and decision-making.

The year 2014 has been a year of consolidation. To this end, numerous changes were brought to the overall IT landscape in terms of servers, networking, business applications, and security, among others. The various initiatives that were undertaken aim at helping the CEB to operate in a more efficient and effective manner, while providing quality services to its customers.

The projects that were initiated or implemented in 2014 are outlined hereunder:

### *Upgrading of Active Directory*

The CEB has upgraded the Microsoft Active Directory 2008 to Active Directory 2012 R2, as well as the Microsoft Exchange 2010 to Exchange 2013.

### *Upgrading of IT Infrastructure*

The upgrading of IT infrastructure at the CEB is ongoing. In this respect, the network connectivity for the New Engineering Building at Curepipe was undertaken and completed. The necessary was also done for the implementation of LAN and WAN connectivity at the new Corporate Office at Ebène.

### *Implementation of ArcGIS*

The implementation of ArcGIS, awarded to ESRI, South Africa, has started and will continue in a phased manner during the forthcoming years. The CEB also plans to develop an electrical GIS model covering around 300 km high-voltage and 3,200 km medium-voltage network, including network components such as transformers, poles, etc. in the short term. The geographical representation ArcGIS will help in Asset Management and facilitate outage tracing, among other functions, while its integration with PowerFactory DigSILENT will help to achieve more accurate network simulation. In the longer term, its integration with SAP Customer Service and Billing, and SAP EAM will be undertaken.

### *Implementation of ICSA BoardPad*

The implementation of ICSA BoardPad, awarded to Global Support Ltd., is designed to make all Board-related processes paperless. Upon completion of the project, the CEB will be able to electronically prepare and circulate all Board-related papers, thereby significantly saving time as well as reducing costs associated with the printing, binding and dispatching of paper-based board pack. Moreover, meeting and document management will be simplified while maintaining a high level of security, confidentiality and control.



### ***SAP Human Capital Management***

Steps were taken for the implementation of SAP Human Capital Management (HCM) and SAP Enterprise Asset Management (EAM). The requirements to be met by these two applications have been finalised, and the corresponding tendering exercises have been initiated.

### ***New Data Centre***

An Expression of Interest (EOI) was undertaken to shortlist consultants/consulting firms for the design and implementation of a new Data Centre of at least Tier-III Standard at Curepipe.



## **SUPPLY CHAIN**

The Supply Chain Department has the responsibility of procuring goods and services at the request of other departments of the CEB by applying the most economical and efficient process, while also complying with the defined legal framework.

The Supply Chain encompass the following functions:

- Sourcing of adequate number of potential suppliers;
- Selecting the right supplier; and
- Getting the right goods/services/works at the right price and at the right time so that the CEB gets value for money.

The year 2014 was a very busy year in terms of bidding exercises and procurement activities. Some 125 tenders and 2,650 requests for quotations were issued. The total spend for the year amounted to approximately MUR 1.5 billion, excluding payment for IPPs.

Due to major infrastructural works and developments at national level, requiring supply of electricity, the CEB had to invest heavily in the procurement of stock items. Consequently, there has been a significant increase in the value of closing stock for the year.



## CORPORATE PLANNING

As indicated in the CEB's Integrated Electricity Plan (IEP) 2013-2022, electricity demand in the short term will continue to grow, but at a decreasing rate. The combined causal effects of the lukewarm performance of the international economy, especially in the EU zone, and the sluggishness of the domestic economy, as noted by the moderate GDP growth over the past few years, are key factors that are influencing the local demand for electricity. In addition, the sustained promotion of energy efficiency and savings, as well as private distributed generation also have an impact on the electricity demand.

The current unstable market conditions, exacerbated by new emerging challenges, have been persistently calling for reform of the local power sector, in which the CEB is the key player. Within this mutable set-up, the CEB, through its Corporate Planning strategy, has been initiating pre-emptive measures to reinforce its competitiveness.

## MAJOR ACTIVITIES IN 2014

### Electricity Demand-Supply Matching

Considering the short-term social and economic development of Mauritius, the CEB forecasted a peak electricity demand of 461 MW, which later was revised downwards to 454 MW, for the year 2014. However, the peak demand recorded was only 446.2 MW, representing a below-average growth rate of 1.2 % over the previous year. One key reason for the low growth in the peak demand, among others, is a lower energy demand of a few recently-commissioned major electricity supplies in the Commercial Customer Category.

### Construction of the 116 (2 x 58 MW) MW Mauritius CT Power (MCTP) Coal Plant

This project has met with substantial delays in its execution, for reasons beyond the control of the CEB. Nevertheless, as the project is still being considered in the future power generation portfolio, following successful negotiations with the promoter in April 2014, the CEB has finalised and signed three important agreements, namely the Coal Supply Agreement (CSA), the Land Lease Agreement, and the Shareholders Agreement. Subsequent to these agreements, in addition to the Power Purchase Agreement (PPA) signed in December 2013, the project developer has initiated necessary discussions with the Ministry of Finance and Economic Development (MOFED) so as to finalise the mandatory Implementation Agreement, which is critical to starting the construction of the power plant. In case of further delays, the CEB will resolve to implement its alternative power generation expansion scenario.

### Construction of a Coal Jetty

As a matter of readiness for the operation of the CT Power coal power plant, the CEB commissioned a consultancy study to assess the feasibility for the construction of a coal jetty at Albion. Consultant HOWE of India was thereafter appointed to undertake this exercise. The final feasibility report for this consultancy work was submitted in December 2014.

## Redevelopment of Saint-Louis Power Station

With the support of Consultant Mott MacDonald of Ireland, the tender documents for the acquisition of the 4x15 MW medium-speed diesel engines was floated in June 2014. Following evaluation at the level of the Central Procurement Board (CPB), the sole bidder BWSC was found to be non-responsive to the requirements of the tender. Not assenting to the CPB's decision, the bidder has launched a challenge through the Independent Review Panel (IRP). The case is due for hearing in 2015.

It is worth noting that the redevelopment of the Saint-Louis Power Station is required, not only to net off the expected retirement of the old Pielstick engines, but, more importantly, it is the next logical option in case of further delays in the CT Power project, at least in the very short term. Additionally, the Saint Louis Redevelopment project will provide the necessary back-up supply to variable renewable energy systems that would be connected to the grid in future.

## Use of Liquefied Natural Gas (LNG) for Electricity Generation

With a view to contributing to the reduction of greenhouse gases emission and diversifying its energy source, the CEB, in collaboration with the Ministry of Energy and Public Utilities (MEPU), engaged the services of Consultant Worley Parsons RSA (Pty) Ltd. of South Africa to conduct a pre-feasibility study so as to assess the potential of using Liquefied Natural Gas (LNG) for electricity generation in Mauritius. The Consultant submitted his report in May 2014.

The next stage, most likely in 2015, will be hiring the expertise of an international consultant to undertake a comprehensive feasibility study with the main objective of assessing the implications and impact of a 100 MW LNG Power Plant in the local power system and other related issues. The outcome of the study will guide the CEB on the viability of using LNG as an alternative to fossil fuels.

## Identification of Potential Sites for Mini/Micro Hydro Power Plants

This study aims at identifying potential sites for the construction of new Mini/Micro Hydropower plants in Mauritius. Its objectives are in line with Government's policies to tap and optimize local renewable energy sources and reduce importation of fossil fuels. Given that the Saint-Louis project was urgent for 2014, the launching of this RFP has been postponed for 2015.

## Setting up of Grid-Connected Photovoltaic Farms

In line with the national objective of encouraging the development of renewable energy sources and with a view to reducing the country's dependency on fossil fuels, a project for the setting up of dispersed grid-connected solar photovoltaic (PV) plants of capacity ranging from 1 to 2 MW inclusive, was launched in 2012. The total capacity for this project was limited to 10 MW.

In 2014, Energy Supply Purchase Agreements (ESPAs) were signed between the CEB and the successful promoters. Five PV Farms, of 2 MW each, are expected to be in operation in 2016.

## Determination of the Grid Absorption Capacity, Preparation of a Grid Code, Feed-In Tariffs (FITs) and Model Energy Supply & Purchase Agreement (ESPA) for Renewable Energy System Greater than 50 kW Capacity

Consultant AF-Mercados from Spain was recruited after a competitive bidding process to carry out the above-mentioned project. This work is being financed by the World Bank under the SIDS DOCK Support Program Multi-Donator Trust Fund and the GEF-supported UNDP project "Removal of Barriers to Solar PV Power Generation in Mauritius, Rodrigues and Outer Islands".

The project started in May 2014 and the final reports were submitted in September. In addition, the scope of work of the consultant was extended, whereby the latter was requested to review the current SSDG Scheme.

The deliverables of the consultancy work are to determine the Grid Absorption Capacity of Mauritius, determine the Feed-In Tariffs for both SSDG and MSDG, develop a Model ESPA for MSDG, and update SSDG and MSDG Grid Codes. These outputs are critical to ensure the effective integration and management of renewable energy installations of 50 kW, and above, in the local power system.

## GEF-UNDP-CEB Project ‘Removal of Barriers to Solar PV Power Generation in Mauritius, Rodrigues and Outer Islands

This project of national interest, as detailed in the UNDP project document, has as its goal to: “accelerate sustainable on-grid PV electricity generation in Mauritius by leveraging \$ 17.5 million in private sector investment over a four-year implementation period. This, in turn, is expected to generate direct global benefits of almost 13,295 tons of CO<sub>2</sub> over the same period and almost 5,318 tons CO<sub>2</sub>/yr thereafter in avoided greenhouse gas (GHG) emissions. The project will do this by introducing a conducive regulatory framework that will facilitate private sector participation in supplying the national grid with PV-generated electricity at market-determined prices and assist the Government in closing private sector funded PV investments. It is envisaged that this project will enable Mauritius to meet (and maybe even surpass) its target of 2% of electricity generation from on-grid PV by 2025, as established in its Long Term Energy Strategy 2009-2025”.

Following the signature of a letter of delegation of the project by the MEPU to the CEB in February 2014, the CEB nominated a project management team to oversee this project. The project team, with the support of the UNDP staff, organised a 2-day Inception Workshop on the project in April 2014. The Workshop has allowed the participants to reassess the baseline information on solar PV power generation in Mauritius and its outer islands.

## Network Planning Projects

During 2014, the following in-house studies were performed:

- (a) Network expansion plan, which includes the construction of a new substation at Highlands/Moka;
- (b) Several system impact studies to recommend the interconnection of load exceeding 1 MVA, with focus on security and reliability of supply;
- (c) System studies to assess requirements of the integration of both Firm Power Generation Plants and Renewable Energy Systems in order to ensure the power system’s stability and security; and
- (d) Interconnection study for the increase in generation capacity of the Médine Sugar Mills from 6 MW to 11 MW.

## ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) & ENVIRONMENT MONITORING OF POWER STATIONS

Monitoring of CEB’s thermal power stations is a continuous exercise. Emphasis is on air emissions, noise level, and effluent discharges. Results of analyses, carried out in 2014, showed that the air quality (emission and ambient) conformed to the Mauritian Air Quality Standard. Noise levels, measured at all power plants, were well below the guidelines, except at the Saint Louis Power Station. The latter is in a redevelopment phase and new engines will be installed to replace the old engines causing noise pollution.

The Saint Louis Power Station Redevelopment project will require the relocation of the Transformer Workshop and Transport Workshop currently located at Plaine Lauzun. In this respect, the CEB has acquired a plot of land at L’Avenir to construct new transport and transformer workshop facilities. In connection with this upcoming construction, an EIA report was prepared in accordance with the requirements of the Ministry of Environment and Sustainable Development.

In addition to the above, in 2014, preparation for the setting up of an Environment Management System in line with the ISO 14001 standard was initiated. Through this action, an improvement will be brought to the overall environmental performance of CEB power stations. It will involve the preparation of an Environment Policy, and an Environment and Waste Management Manual.

## DEMAND SIDE MANAGEMENT

As a forward-looking utility, the CEB attaches great importance to Demand Side Management (DSM). Various policies and measures are being implemented to control, influence and generally reduce electricity demand, while also helping the country in the fight against climate change and greenhouse gas emissions.

The main DSM initiatives for the year 2014 were as follows:

### Sensitisation Campaigns in Schools

With a view to raising awareness on Energy Saving and Energy Efficiency, several talks were delivered in schools.

Students were apprised of the various technologies currently adopted in Mauritius for the production of electricity and the steps involved in bringing electricity to their premises. Emphasis was also laid on practical solutions for the judicious use of electricity at home, and how a simple no-cost action could make a big difference in electricity bills and contribute to the mitigation of greenhouse emissions.

### Energy Efficiency in CEB Buildings

Lighting accounts for a significant share of the energy consumption of CEB buildings, especially in power stations where they are operational almost round the clock. To improve the efficiency of the lighting system of CEB buildings, the conventional fluorescent tubes (T8) are being gradually replaced by T8 Led Tubes, which are 60% more efficient and have a much longer lifetime. As at December 2014, around 200 T8 Led Tubes were installed at Fort George. The programme will be extended to other power stations and CEB buildings in future.

In a similar vein, air conditioners, which are extensively used at the CEB, are big consumers of energy. In this respect, appropriate actions were initiated to gradually replace old air conditioners by new inverter-type ones. The latter are around 30% more energy efficient, less noisy, and have a longer lifespan.

### Energy Efficiency Management Office

As a major stakeholder in energy efficiency, the CEB participated actively in the Technical Committee set up by the Energy Efficiency Management Office (EEMO).

The main initiatives of the EEMO during 2014 was the development of a National Energy Efficiency Awareness Campaign, and the design of an Energy Efficiency Leaflet. To support the campaign, short messages on the importance of saving energy were printed on CEB bills to reach the population at large.





## RODRIGUES

### PRODUCTION

#### Demand Pattern (Energy and Power)

The total energy generated for 2014 was 37.26 GWh, representing a rise of 4.72 % over year 2013 (35.58 GWh). The bulk of energy (91.48 %) was produced from fuel-oil-based power stations, while the wind turbines (both Grenade and Tréfles Wind Parks) contributed to the remaining 8.52%.

The total energy generated for the year is given below.

| Power Station  | Energy Source           | Output (kWh)      | (%)        |
|----------------|-------------------------|-------------------|------------|
| Port Mathurin  | Fuel Oil and Diesel Oil | 5, 549,860        | 14.89      |
| Pointe Monnier | Fuel Oil and Diesel Oil | 28,536,384        | 76.59      |
| Tréfles        | Wind                    | 278,595           | 0.75       |
| Grenade        | Wind                    | 2,895,700         | 7.77       |
| <b>Total</b>   |                         | <b>37,260,539</b> | <b>100</b> |

The maximum power demand was 7.204 MW and was recorded on 31 December 2014. This represents an increase of 5.2 % over the year 2013 (6.85 MW).

### Operation and Maintenance

#### Pointe Monnier

The three engines performed satisfactorily. MAN G1 & MAN G2 clocked 67,188 and 67,554 running hours respectively, whereas WARTSILA G4 clocked 16,715 hours. The first overhaul maintenance (12,000 hours) of WARTSILA engine G4 was carried out in October 2014. The total energy generated was 28.54 GWh, representing 76.59 % of the total energy generated.

#### Port Mathurin

The MAN Engines (G7, G8, & G9) cumulated 103,318, 103,665, and 91,589 running hours respectively. The total energy generated was 5.27 GWh, representing 14.15% of the overall production.

Engine G7, which sustained severe damage to its crankshaft and engine block in December 2013, was successfully commissioned and put back into operation on 28 December 2014, after the replacement of both damaged components.

The MWM engines, which were utilised as back-up in case of emergencies, clocked only 957 hours for the whole year 2014. The energy generated was 0.28 GWh, representing 0.74 % of the total production.

## Grenade

The four units installed at Grenade generated a total of 2.9 GWh in 2014, representing 7.77% of the overall production. Since their commissioning, Units 1, 2, 3 and 4 have cumulated a total running hours of 40,075, 37,164, 26,578 and 31,824 respectively. Scheduled maintenance on all four units was carried out during the review period.

A new gearbox was installed and commissioned on Unit 3 in November 2014 due to its failure.

## Trèfles

The three units at Trèfles have clocked an average of 65,023 running hours since their commissioning. The total energy produced in 2014 was 0.28 GWh, representing 0.75% of the overall production.

Scheduled maintenance was carried out on all three wind turbines in March and November.

## Capital Projects

The main capital projects implemented in 2014 included:

- Replacement of Radiator Coolers for MWM Units 3 & 4;
- Inspection, maintenance and painting of Chimney Stack 1 at Pointe Monnier Power Station (Phase I);
- Civil works for new 22 kV Switchgear Room at Port Mathurin Power Station; and
- Procurement of spare Power Transformers for Thermal Power Station.

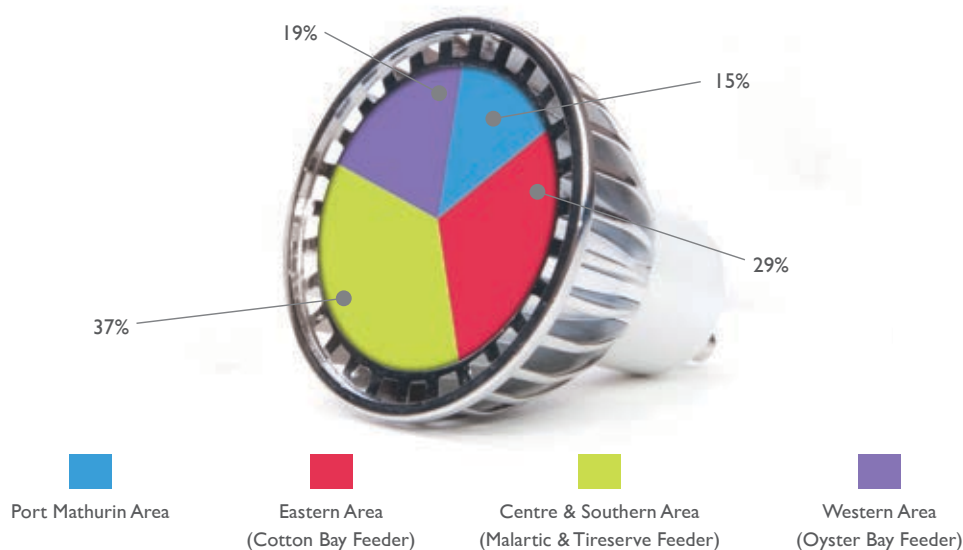
## DISTRIBUTION

### System Demand

The maximum power demand for the year under review was 7.204 MW and was recorded on 31 December at 19.10 hours, representing an increase of 5.17% over year 2013 (6.85 MW). The average load factor of the system for the year was 37%.

The load distribution, on a regional basis, at the time of the highest demand on 31 December is shown hereunder:

LOAD DISTRIBUTION ISLANDWIDE FOR 31 DECEMBER 2014



## System Performance

The general performance in respect of the Transmission and Distribution system was satisfactory for the year under review.

The line losses for the year were brought down to 10.45 %, as compared to 11.57% for 2013.

## HV Network

The 22 kV distribution network was extended by 2 km to reach 152.1 km.

The programme for the gradual replacement of 22 kV pin-type insulators by 33kV insulators was continued in 2014. The aim is to reduce the number of faults caused by burnt cross-arms and poles in areas exposed to a high degree of salinity in the atmosphere. In a similar vein, HT rotten poles, of more than 20 years old, were also replaced.

## LV Network

The low voltage network was extended by 2.51 km to reach 349.78 km.

## Installed Transformer Capacity

The total number of distribution transformers at the year-end totalled 156, with an installed capacity of 15,050 KVA.

| Feeder             | Installed Transformer Capacity/ kVA |              |              |              |              |              | Total         |
|--------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                    | 25                                  | 50           | 100          | 150          | 250          | 500          |               |
| Port Mathurin      | 0                                   | 1            | 9            | 2            | 4            | 1            | 17            |
| Oyster Bay         | 12                                  | 12           | 6            | 3            | 4            | 1            | 38            |
| Cotton Bay         | 5                                   | 22           | 8            | 4            | 2            | 1            | 42            |
| Malartic           | 8                                   | 17           | 10           | 7            | 2            | -            | 44            |
| Ti Reserve         | 1                                   | 4            | 3            | 7            | -            | -            | 15            |
| <b>Total (No.)</b> | <b>26</b>                           | <b>56</b>    | <b>36</b>    | <b>23</b>    | <b>12</b>    | <b>3</b>     | <b>156</b>    |
| <b>Total (kVA)</b> | <b>650</b>                          | <b>2,850</b> | <b>3,600</b> | <b>3,450</b> | <b>3,000</b> | <b>1,500</b> | <b>15,050</b> |

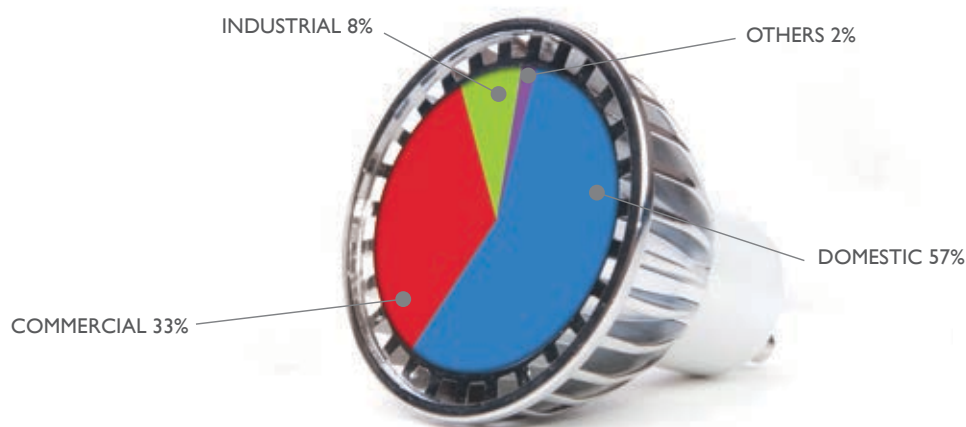
## CUSTOMER SERVICES

### Customers and Sales

The number of customers, as at 31 December 2014, totalled 13,673 compared to 13,162 in 2013, representing an increase of approximately 3.9 %.

The sales of electricity amounted to 30,606,310 kWh for the same period, equivalent to an increase of 4.8 % as compared to the year 2013.

**SALES BY CATEGORY (kWh) 2014**



## FINANCIAL PERFORMANCE

At the end of Financial Year 2014, the Rodrigues Branch made a deficit of Rs 135 million, compared to a deficit of Rs 127 million for 2013.

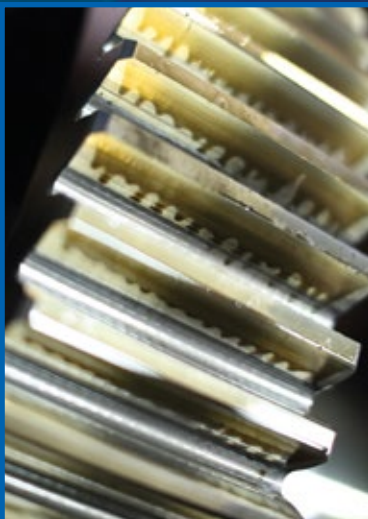
## FUTURE PROJECTS

Several projects have been earmarked for the near future with a view to meeting the increasing demand and ensuring the reliability of supply. They include:

- Construction of new HFO Storage tank of 2000 m<sup>3</sup> at Pointe Monnier Power Station;
- Line bore check and major overhauling of critical parts on MAN Engines G8 and G9 at Port Mathurin Power Station;
- Upgrading of Turbochargers on MAN Engines at both Pointe Monnier and Port Mathurin Power Station;
- Procurement of a complete gearbox with cooling system for GEV MP wind-turbines at Grenade;
- Installation of new equipment for 22 kV switchgear at Port Mathurin Power Station;
- Undergrounding of network at Port Mathurin;
- Construction of new 22 kV Indoor Substation at Port Mathurin;
- Installation of two auto-reclosers;
- Refurbishment of Malartic feeder;
- Re-conductoring of Oyster Bay feeder;
- Ring Port Mathurin feeder with Cotton Bay at Baladirou; and
- Ring Cotton Bay feeder with Malartic at Mourouk.



# MANAGEMENT DISCUSSION AND ANALYSIS











## OVERVIEW

Largely due to weaker-than-expected global activity in 2014, the growth forecast for the world economy was revised downward. The prevailing economic landscape contributed significantly in declining commodity prices, in particular for fossil fuel which again represented the main cost driver for the CEB. In addition, there were marked fluctuations in the foreign exchange rates of the USD and EURO against the Mauritian Rupee, which also impacted substantially on the financial performance of the CEB.

For the year under review, the CEB realised a profit of Rs 1,436 M, compared to Rs 975 M in the preceding year, representing an increase of around 47%. Revenue from sales of electricity registered an increase of 3.08%, in comparison with 2013, to reach Rs 14.1 billion while cost of sales remained almost constant, despite an increase of 2.5% in total energy generated. In fact, the benefit from falling prices of fossil fuel was mitigated by the appreciation of the USD against the MUR during 2014. On the other hand, the EURO depreciated significantly at the year-end, resulting in an unrealised gain of Rs 395 M on account of translating outstanding foreign loan balances and foreign bank accounts. The financial performance was also materially affected by a provision Rs 370 M made to account for increasing pension benefit obligations.

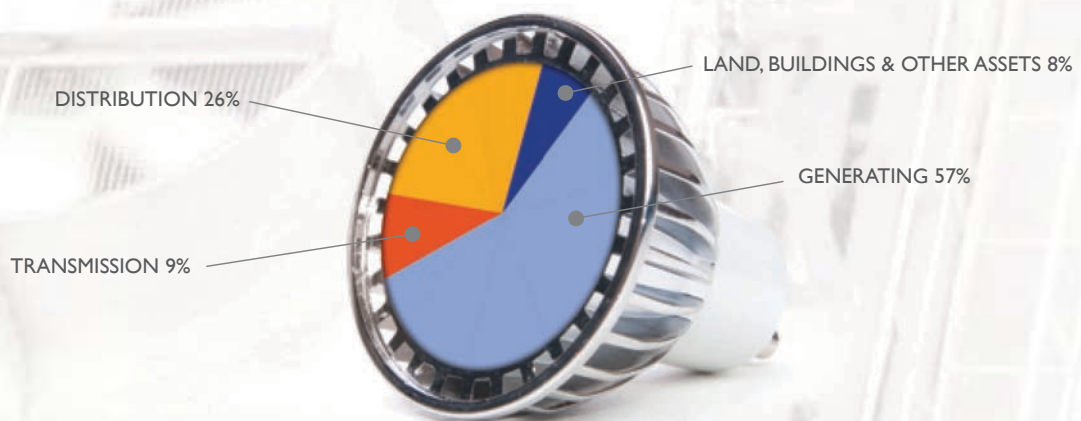
With regard to the liquidity position, there was a progressive improvement during the year to reach Rs 895 M as at the end of 2014, representing an increase of 126% on the balance as at the end of 2013.

## FINANCIAL INDICATORS

There was a significant improvement in CEB's financial performance during 2014. The return on equity for the year stood at 10.3% (2013 : 7.3%) while the return (i.e. profit before interest and tax) on average net fixed assets in operation stood at 7.81% (2013 : 5%). The current ratio reached 1.6 times (2013 : 1.3 times) while the acid test ratio for the year was 1.15 times (2013 : 0.94 times). Total borrowings decreased by 14.5% during the year to reach Rs 6.2 billion as at the year-end.

With a view to consolidating its fixed assets base and further improving the service provided to customers, there was a net addition to the tune of Rs 500 M in Property, Plant and Equipment, to reach Rs 21 billion as at 31 December 2014. These fixed assets, located around the island, were classified as Generating, Transmission, Land and Buildings and other assets.

### FIXED ASSETS CATEGORY

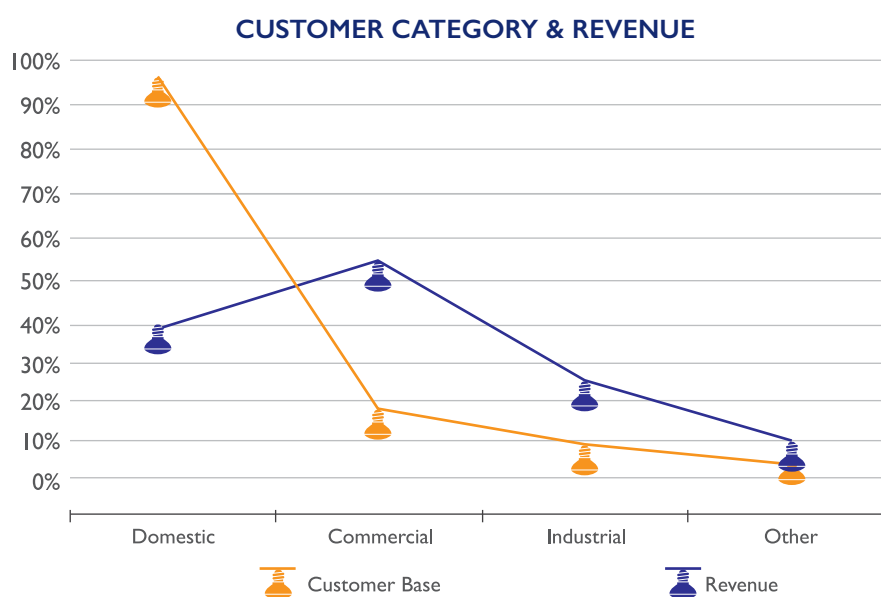


## REVENUE

The CEB derives its revenue almost exclusively from the sales of electricity to three main customer categories, namely domestic, commercial and industrial. The total number of customers reached 443,644 (Mauritius and Rodrigues) at the year-end, showing an increase of 1.9% over 2013.

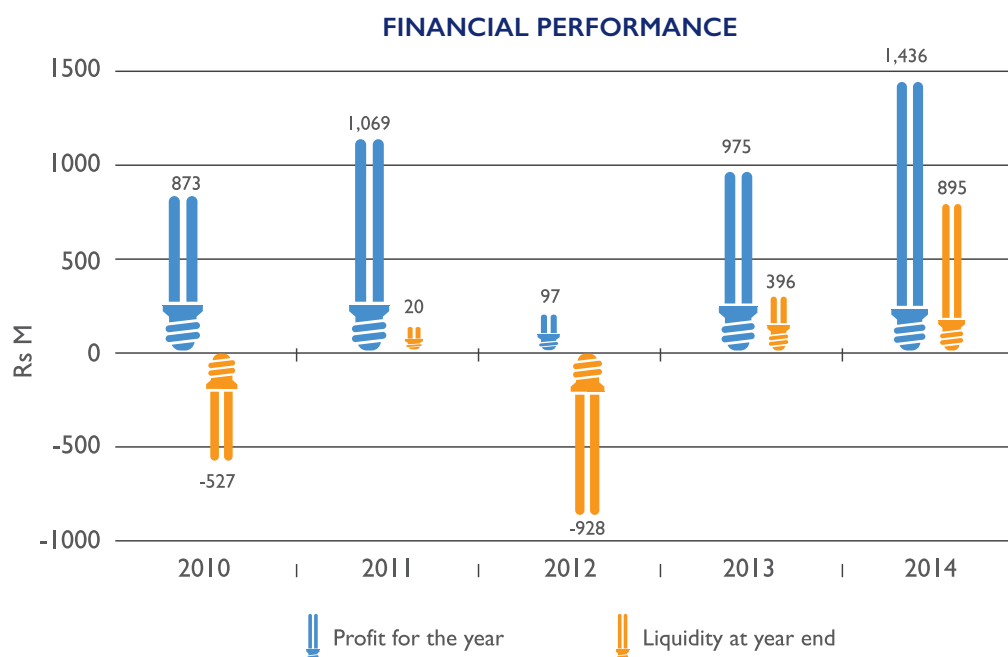
Revenue from sales of electricity increased by 3.08% compared to the year 2013. In terms of volume, total sales for 2014 moved up by 68.06 GWh to reach 2,452.19 GWh, representing an increase of around 2.85% over 2013.

Whilst domestic customers accounted for 89% of the customer base, it injected only some 33% of the total revenue. On the other hand, commercial customers accounted for only 9% of the customer base but they contributed to around 47% of the total revenue.



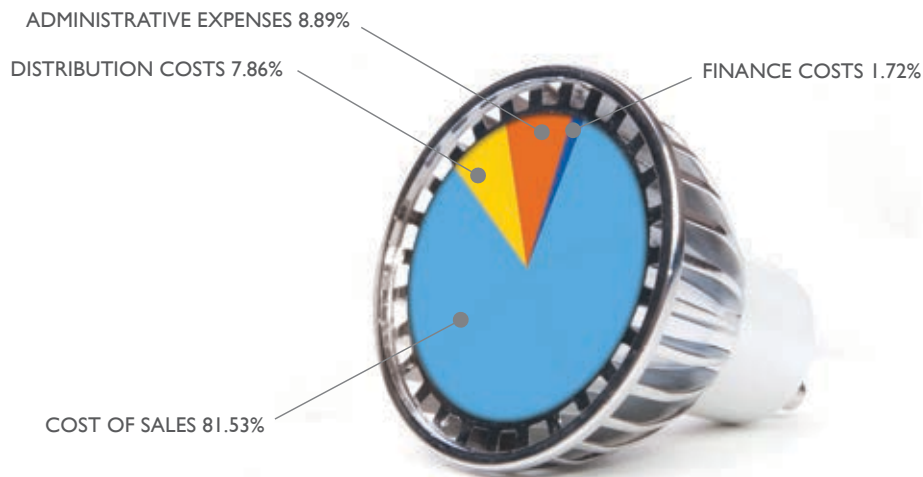
The overall average selling price per unit showed a minor change, from Rs 5.70 in 2013 to Rs 5.73 in 2014. It is to be noted that the tariffs for electricity are determined after taking stock of the economic, political and social factors, and are not cost reflective. On its part, the expenditure of the CEB is driven by a number of cost drivers such as the prices of fossil fuels and movements in foreign exchange rates and interest rates, which are beyond the utility's control. Any fluctuation affecting these cost drivers can drastically change the utility's profitability and liquidity position, as shown below.

The profitability and liquidity positions of the CEB over the last five years were as follows:



## EXPENDITURE

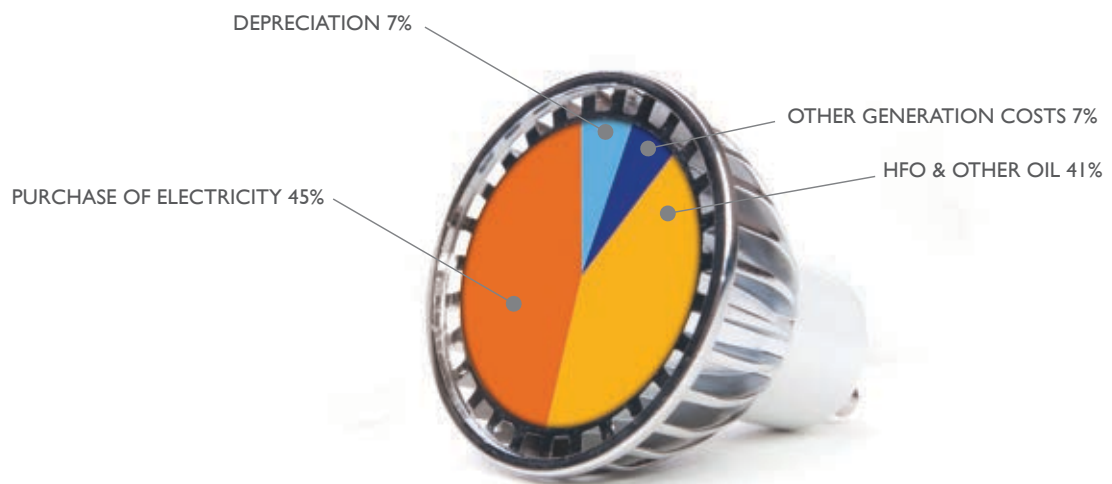
For the year under review, the total expenditure of the CEB amounted to Rs 13.26 billion, out of which some 81.53% represented expenditure incurred for cost of sales. The breakdown of the total expenditure in 2014 is depicted hereunder.



## Cost of Sales

The main elements of cost of sales for the CEB were as follows:

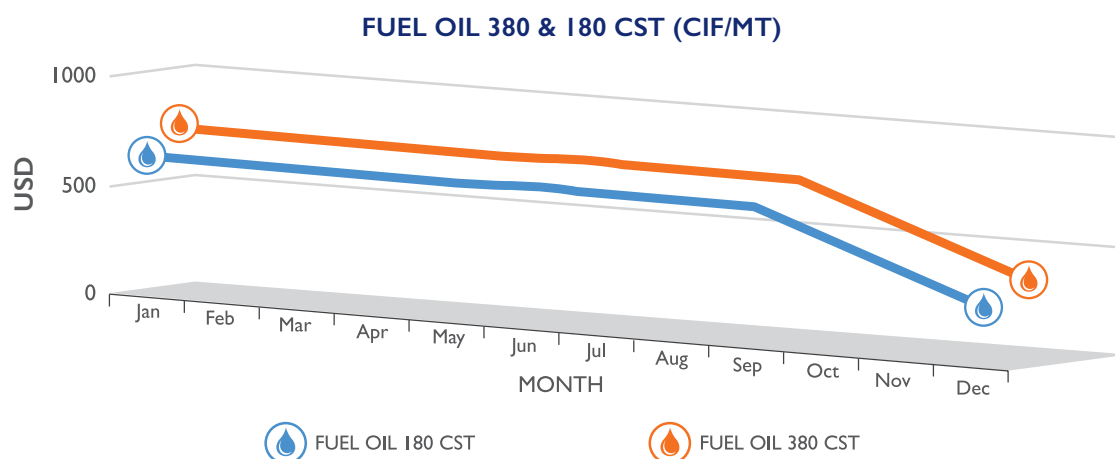
### ELEMENT OF COST OF SALES



Given that purchases of electricity from Independent Power Producers and procurement of heavy fuel oils for CEB own power plants represented some 86% of the total amount, it is evident that the CEB is, to a large extent, vulnerable to fluctuations in the prices of oil and coal.

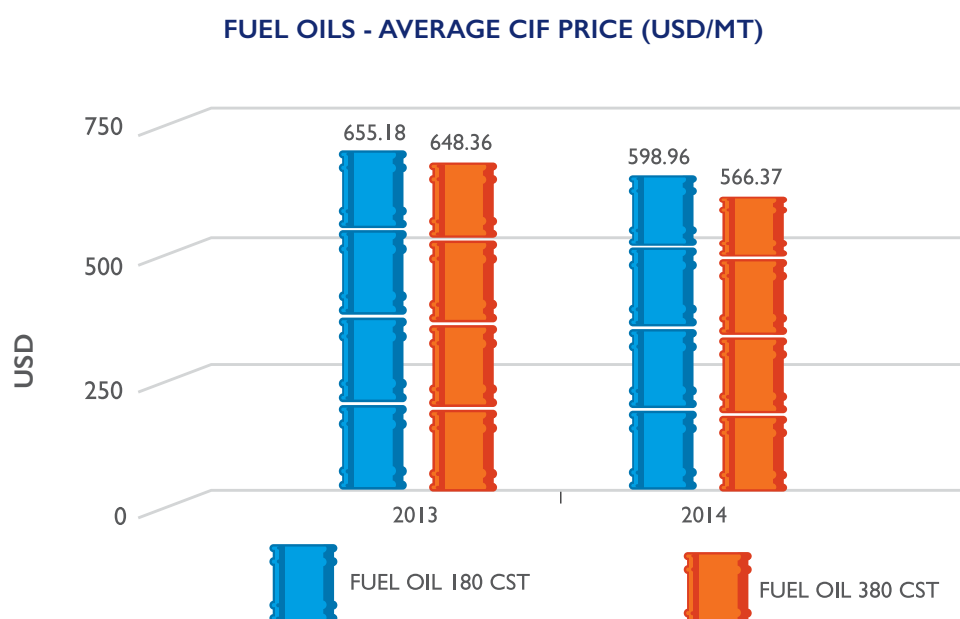
## Fuel Oil Prices

The CEB utilises two types of heavy fuel oil for its generation, namely the 180 CST and the 380 CST, and any movement in their prices has a significant bearing on the production cost. At the beginning of 2014, the prices of fuel oil 180 CST and 380 CST traded at around USD 647.94 and USD 640.06 respectively per metric ton. The prices were relatively stable up to September and subsequently went down during the last quarter of the year.



The highest CIF price per metric ton paid by CEB for 380 CST was USD 646.86 in February 2014, and the lowest was USD 415.89 by the year-end. In a similar vein, the CIF price per metric ton for 180 CST paid by CEB reached a peak of USD 652.49 in March 2014 and tumbled down to its lowest level of USD 418.15 in December.

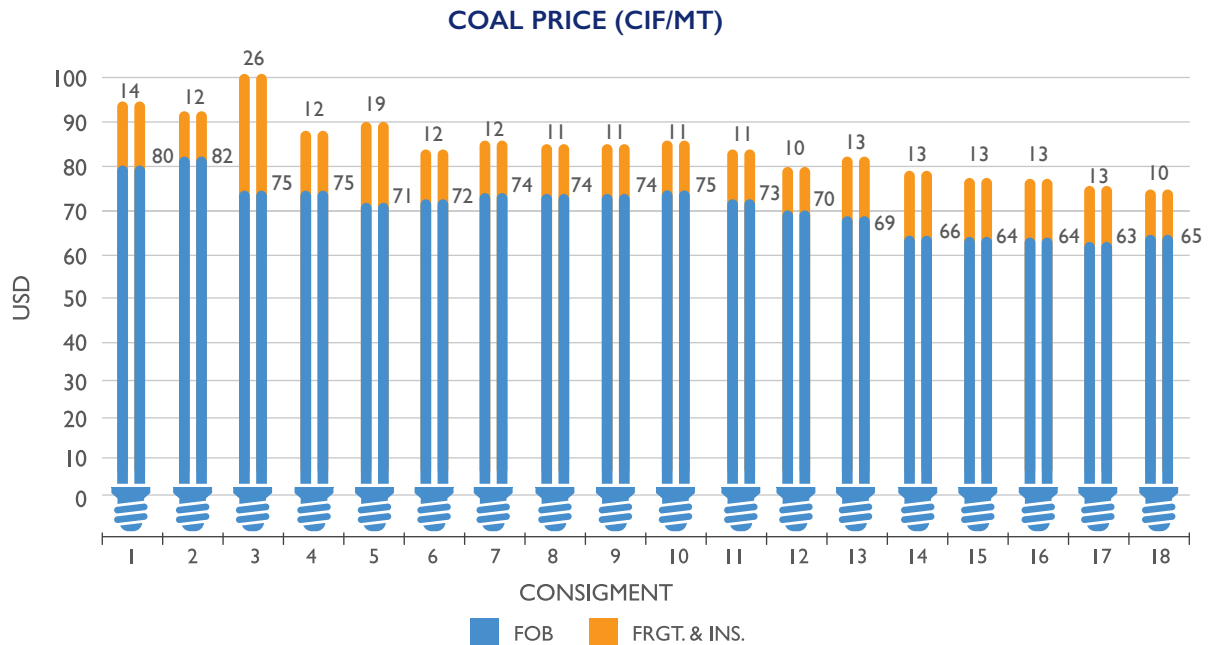
Compared to the year 2013, the average CIF price per metric ton of fuel oil paid by the CEB in 2014 decreased from USD 655.18 to USD 598.96 for 180 CST, and from USD 648.36 to USD 566.37 for 380 CST, representing a decrease of some 8.58% and 12.65% respectively.





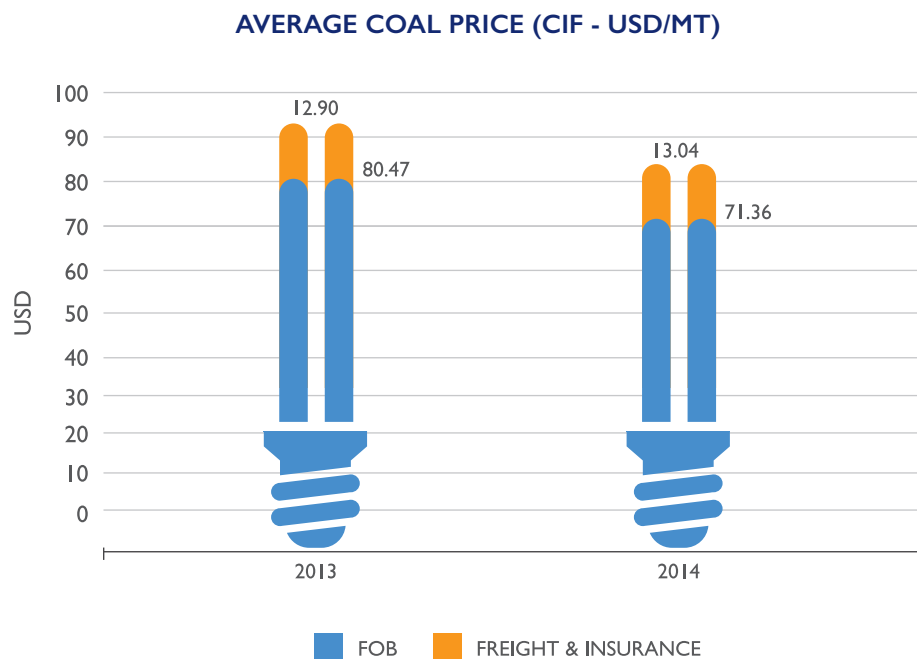
## Coal Prices

The price of coal is embedded in the purchase price of electricity from Independent Power Producers (IPPs) and, accordingly, any fluctuation in the price of coal is passed on to the CEB. During 2014, 18 consignments of coal were purchased at different prices.



The FOB price of coal per metric ton was at its highest at the beginning of the year (USD 82) and gradually dropped to reach its lowest level (USD 63) by the year end, representing a decrease of around 23%.

The average CIF price of coal per metric went down by some 9.6%, from USD 93.4 in 2013 to USD 84.4 in 2014.

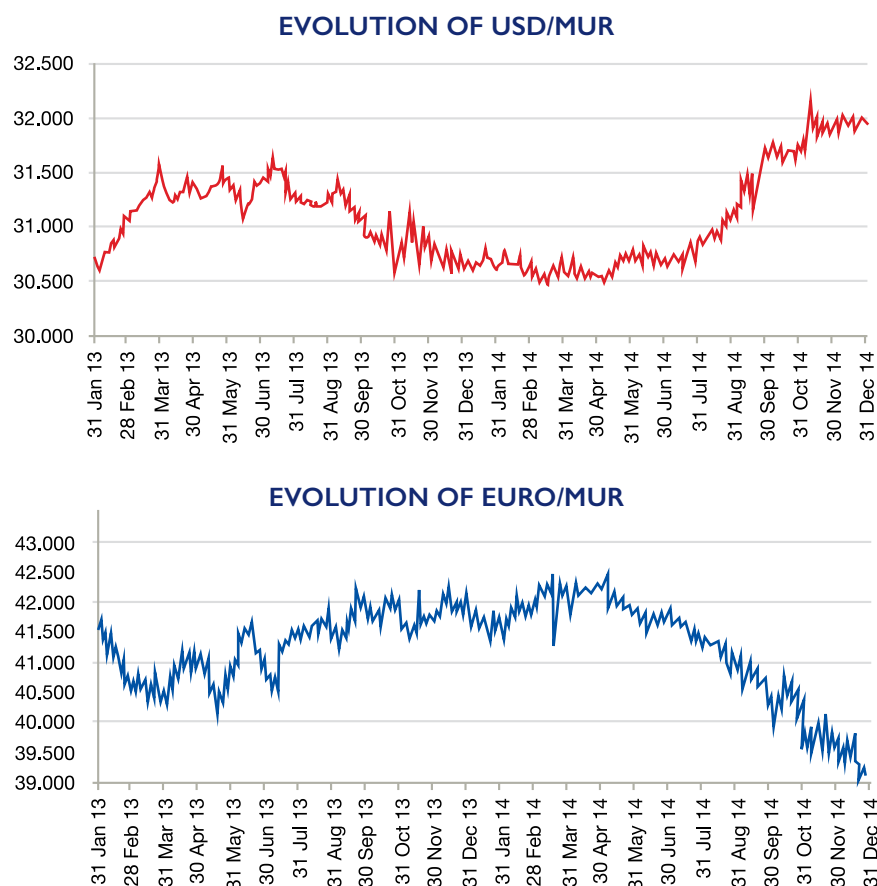


## Administrative Expenses

The total administrative expenses for the year 2014 registered an increase of around 33% to reach Rs 1.2 billion, mainly on account of a provision for pension benefit obligations following an actuarial exercise and amounting to Rs 270 M.

## Gain on Foreign Exchange

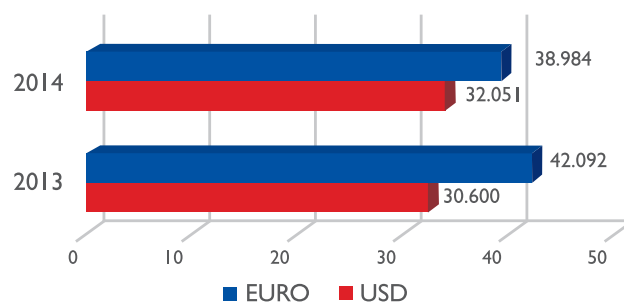
The major foreign currencies in which the CEB conducts its transactions are the EURO, mainly for debt servicing and the USD, primarily for the payment of heavy fuel oil for running its power stations. Fluctuations in the rates of these currencies during the years 2013 and 2014 are shown below:



Source : Bank of Mauritius

As shown, the USD /MUR exchange rate appreciated by 4.74% year-on-year from 2013 to 2014 whereas the EURO /MUR exchange rate depreciated by 7.38% year-on-year over the same period, resulting in a foreign exchange gain of MUR 358 M for the year 2014. This comprised realised losses of Rs 37.1 M and unrealised gains of Rs 395.1 M on foreign exchange translations. The substantial unrealised gain was largely attributable to the depreciation of the EURO at the year-end, and was the result of translating CEB's long term debt (56.17%) denominated in the European currency.

### EURO/MUR AND USD/MUR AT END OF ACCOUNTING PERIOD

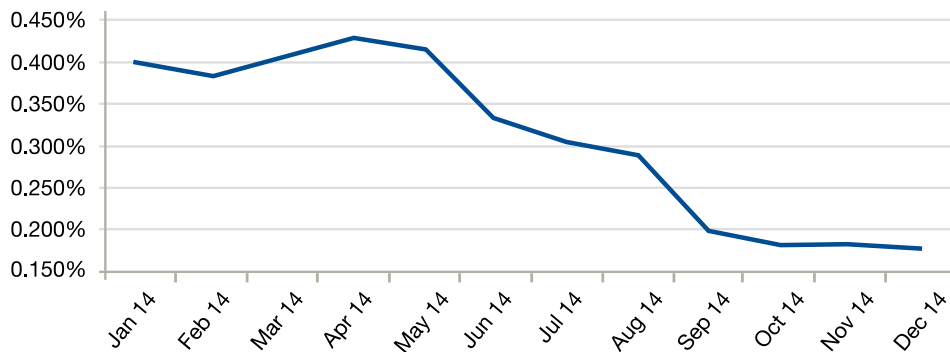


## Finance Costs

The main interest rates which impact the finance costs of the CEB are the Repo rate, the Euribor, and the USD Libor. The finance costs for the year ending 31 December 2014 amounted to Rs 227.74 M, compared to Rs 218.19 M for the previous year.

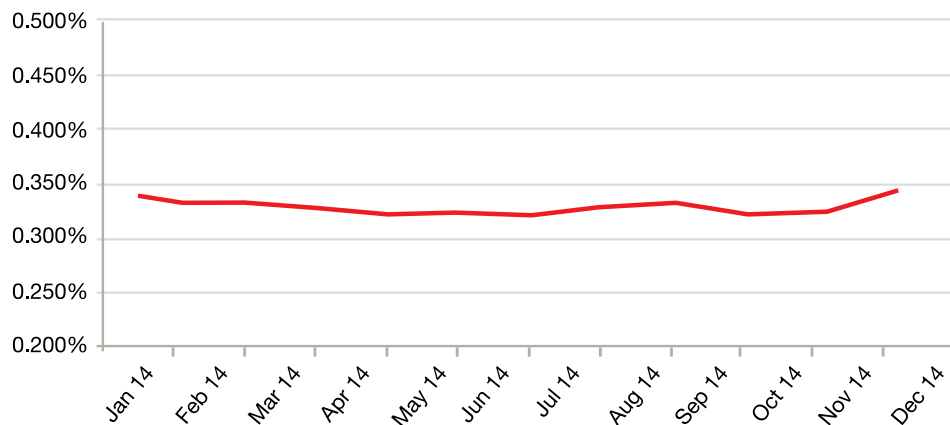
During 2014, on account of relatively low economic growth and inflation rates, the Repo Rate remained flat at 4.65%. On the other hand, dragged by a bearish global economic situation, the USD and EURO interest rates remained very low. The 6-months average Euribor rate dropped significantly during the second semester of 2014 to reach a record low of less than 0.20%.

**AVERAGE EURIBOR 6 MONTHS FOR THE YEAR 2014**



For its part, the USD Libor 6 months remained almost static at low levels in the range of 0.33 / 0.35% during the whole period.

**AVERAGE U.S DOLLAR LIBOR 6 MONTHS FOR THE YEAR 2014**



Source : [www.global-rates.com](http://www.global-rates.com)

## FINANCIAL RISK MANAGEMENT

The risk management plan initiated by the CEB during the past years was reinforced with a view to mitigating risks, as well as taking advantage of the prevailing favourable macroeconomic conditions. Areas of focus for improvement of risk management pertained to interest rates, exchange rates, cash flow, and procurement of goods and services.

It is to be noted that, while the CEB has been benefitting from favourable conditions in terms of falling prices of fossil fuels, the risk of a complete reversal of this trend is always present. In fact, commodity price risk regarding heavy fuel oil and foreign exchange risks are inherent to CEB's business and cannot be avoided. Up to now, the utility has borne the prevailing risks and has paid high prices when they have been on the high side, and has likewise benefitted from low market prices, especially during the last 2 years. Since this situation creates volatility and uncertainty in the profitability and liquidity position of the CEB, a risk mitigation strategy is being considered to address this issue.

## Interest Rate Risk

As some 84% of CEB's loan portfolio was subject to variable interest rate, the CEB continued to benefit from the prevailing market situations during 2014 by taking advantage of the low level of interest rates. The latter had a direct impact on the interest costs.

## Exchange Rate Risk

Exchange rate risk arises as a result of fluctuations in the exchange rate of one currency against other foreign currencies. The CEB is highly exposed to exchange rate risk due to the following factors:

- Imports of fuel oil which are priced in USD;
- Foreign debts, mainly in EURO and USD;
- Import of machinery, equipment and raw materials from abroad; and
- Purchase of electricity from IPPs, with the indexation formulae for determination of price paid comprising an exchange rate element.

The CEB continued to maintain a balanced loan portfolio in terms of currency split, with 58.4% of its debt denominated in foreign currency and the balance in local currency. To mitigate foreign exchange risks, purchases of foreign currencies were undertaken on a regular basis through bidding processes. The latter yielded positive results, particularly as the local market for foreign exchange proved to be highly liquid and favourable. An exercise was also initiated for the regular review of the currency composition of CEB's debt portfolio, taking into account the overall payment obligations in different foreign currencies.

## Liquidity Risk

Liquidity risk refers to the possibility of default by the CEB because of unavailability of funds to meet both its operational and capital requirements. In order to manage this risk, short-term, medium-term and long-term cash flow forecasts are regularly prepared and proactive actions are taken in order to ensure that funds are always available to meet the organisation's obligations. It should be noted that the liquidity position of the CEB experienced notable improvements during 2014. Early repayment of loans, bearing fixed interest rates that were on the high side, were effected.

## Medium Term Outlook

The economic landscape, characterised by poor economic growth, low demand and depressed commodity prices, is expected to continue in the short to medium term. In fact, the pace of economic growth at international level has continued to remain sluggish, while Brexit has compounded the uncertainty at macroeconomic level. It is expected that the prices of fossil fuels will not change significantly in the near future while interest rates will continue to remain at low levels. Due to the favourable macro-economic environment, it is expected that the CEB will maintain a good financial performance in the short term to medium term. As a result, the utility will become increasingly financially sound and robust in the near future.

However, it is worth highlighting that the prices of fossil fuels depend on a number of factors such as the demand and supply equation, increased competition from renewable sources of electricity generation, shale production and geopolitical tensions, amongst others. With a view to mitigating the risks associated with the volatility of fossil fuels prices, coupled with the objective for a greener environment, the drive toward new renewable energy sources, which is already under way, has been accelerated. To this end, the CEB is coming forward with a number of green energy projects so as to accommodate a greater share of renewable energy in its grid. Yet, renewable energy cannot be entirely relied upon for firm power and, therefore, fossil fuels are likely to remain an important source of energy supply in future.

The CEB is also implementing several projects in order to ensure a continuous, affordable, safe and reliable electricity supply. In this respect, the utility has already embarked in a massive investment programme whereby additional generation capacities will be commissioned in the near future. In the same vein, a comprehensive audit of the transmission and distribution network is being undertaken and significant financial resources have been earmarked for upgrading works.



# FINANCIAL STATEMENTS









# REPORT OF THE DIRECTOR OF AUDIT

ON THE FINANCIAL STATEMENTS OF THE  
CENTRAL ELECTRICITY BOARD FOR THE  
YEAR ENDED 31 DECEMBER 2014



## NATIONAL AUDIT OFFICE

### REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE CENTRAL ELECTRICITY BOARD

#### Report on the Financial Statements

I have audited the financial statements of the Central Electricity Board on pages 1 to 26 \* which comprise the statement of financial position as of 31 December 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the notes comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

#### Opinion

In my opinion, the financial statements on pages 1-26 \* give a true and fair view of the financial position of the Central Electricity Board as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Note:

\* Corresponds to pages 74-98 of the Annual Report

## Report on Other Legal and Regulatory Requirements

### *Management's Responsibility*

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

### *Auditor's Responsibility*

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Opinion

### *Statutory Bodies (Accounts and Audit) Act*

The Board submitted the financial statements for the year ended 31 December 2014 to the National Audit Office on 29 April 2015. Following examination of the financial statements, various amendments were required. The amended financial statements were received at my office on 5 May 2016.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

### *Public Procurement Act*

The Central Electricity Board is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the bidding process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

### *The Financial Reporting Act*

The Directors are responsible for preparing the Corporate Governance Report. My responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the code.

In my opinion, the disclosure in the annual report is consistent with the requirements of the code.



**K.C.TSE YUET CHEONG (Mrs)**


Director of Audit


National Audit Office  
Level 14, Air Mauritius Centre  
President John Kennedy Street  
**Port Louis**

25 May 2016

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

| ASSETS                              |       | 2014                  | 2013                  |
|-------------------------------------|-------|-----------------------|-----------------------|
|                                     | Notes | Rs                    | Rs                    |
| <b>Non-current assets</b>           |       |                       |                       |
| Property , plant and equipment      | 3     | 21,164,883,536        | 21,447,127,005        |
| Investment                          | 4     | 1,000,000             | 1,000,000             |
| Loans receivable                    | 5     | 33,928,736            | 35,074,170            |
|                                     |       | <b>21,199,812,272</b> | <b>21,483,201,175</b> |
| <b>Current Assets</b>               |       |                       |                       |
| Inventories                         | 6     | 1,774,622,725         | 1,532,101,714         |
| Trade receivables                   | 7     | 2,316,606,090         | 2,326,435,146         |
| Other receivables                   | 8     | 657,536,706           | 429,345,927           |
| Loans receivable                    | 5     | 31,670,141            | 23,021,058            |
| Cash and cash equivalents           | 9     | 1,051,625,707         | 915,388,148           |
|                                     |       | <b>5,832,061,369</b>  | <b>5,226,291,991</b>  |
| <b>TOTAL ASSETS</b>                 |       | <b>27,031,873,641</b> | <b>26,709,493,166</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |                       |                       |
| <b>Capital and Reserves</b>         |       |                       |                       |
| Capital contributions               | 10    | 670,856,196           | 670,856,196           |
| Revaluation reserve                 |       | 4,989,110,952         | 5,251,445,038         |
| Retained earnings                   |       | 8,212,997,437         | 7,460,359,649         |
| <b>Total Equity</b>                 |       | <b>13,872,964,585</b> | <b>13,382,660,883</b> |
| <b>Non-Current Liabilities</b>      |       |                       |                       |
| Borrowings                          | 11    | 5,321,116,090         | 6,446,346,584         |
| Deposits from customers             |       | 489,481,648           | 472,573,973           |
| Retirement benefit obligations      | 12    | 2,976,618,000         | 1,714,517,000         |
| Deferred Income - Grants received   |       | 594,367,893           | 590,364,788           |
| Provisions                          | 13    | 258,007,000           | 176,827,956           |
|                                     |       | <b>9,639,590,631</b>  | <b>9,400,630,301</b>  |
| <b>Current Liabilities</b>          |       |                       |                       |
| Trade and other payables            | 14    | 2,260,753,626         | 2,444,080,239         |
| Borrowings                          | 11    | 869,341,428           | 793,538,201           |
| Bank overdrafts                     | 9     | 156,914,843           | 519,303,121           |
| Provisions                          | 13    | 232,308,528           | 169,280,422           |
|                                     |       | <b>3,519,318,425</b>  | <b>3,926,201,982</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>27,031,873,641</b> | <b>26,709,493,166</b> |

  
M. Naidoo  
Chairman

  
S. Appanah (Mrs)  
Board Member



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   |              | <b>2014</b>          | <b>Restated 2013</b>    |
|---|--------------|----------------------|-------------------------|
|   | <b>Notes</b> | <b>Rs</b>            | <b>Rs</b>               |
| Revenue   | 15           | 14,113,629,822       | 13,691,330,008          |
| Cost of sales                                       | 16           | (10,808,539,478)     | (10,803,807,590)        |
| <b>Gross Profit</b>                                 |              | <b>3,305,090,344</b> | <b>2,887,522,418.07</b> |
|   |              | -                    |                         |
| Other operating income                              | 17           | 307,528,268          | 241,991,741             |
| Distribution costs                                  | 18           | (1,042,137,748)      | (1,073,107,419)         |
| Administrative expenses                             | 19           | 1,178,883,963        | (882,089,877)           |
| <b>Operating Profit</b>                             |              | <b>1,391,596,901</b> | <b>1,174,316,863</b>    |
|   |              | -                    |                         |
| Investment Income                                   | 20           | 14,146,558           | 10,733,018              |
| Exchange gain                                       | 21           | 358,013,187          | (38,006,630)            |
| Finance costs                                       | 22           | (227,743,620)        | (218,187,287)           |
| <b>Profit for the Year</b>                          |              | <b>1,536,013,026</b> | <b>928,855,964</b>      |
|   |              | -                    |                         |
| <b>Other Comprehensive Income</b>                   |              | -                    |                         |
| Actuarial gains/ (losses) on defined benefits plans | 12           | (100,475,000)        | 46,221,000              |
|   |              | -                    |                         |
| <b>Total Comprehensive Income for the Year</b>      |              | <b>1,435,538,026</b> | <b>975,076,964</b>      |

**CENTRAL ELECTRICITY BOARD**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 DECEMBER 2014**

|   | Revaluation Reserve  |                      | Retained Earnings    |                      | Capital Contribution |                    | Total Equity          |                       |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-----------------------|-----------------------|
|   | 2014                 | 2013                 | 2014                 | 2013                 | 2014                 | 2013               | 2014                  | 2013                  |
|   | Rs                   | Rs                   | Rs                   | Rs                   | Rs                   | Rs                 | Rs                    | Rs                    |
| <b>Balance at 1 January</b>             | <b>5,251,445,038</b> | <b>5,759,097,031</b> | <b>7,460,359,650</b> | <b>5,991,121,321</b> | <b>670,856,196</b>   | <b>670,856,196</b> | <b>13,382,660,884</b> | <b>12,421,074,548</b> |
| Adjustment                              | 198,489,943          | 1,028,903            | (1,143,724,269)      | (14,519,532)         | -                    | -                  | (945,234,325)         | (13,490,629)          |
| Depreciation adjustment                 | (460,824,030)        | (508,680,896)        | 460,824,030          | 508,680,896          | -                    | -                  | -                     | -                     |
| Total Comprehensive Income for the year | -                    | -                    | 1,435,538,026        | 975,076,965          | -                    | -                  | 1,435,538,026         | 975,076,965           |
| <b>Balance at 31 December</b>           | <b>4,989,110,952</b> | <b>5,251,445,038</b> | <b>8,212,997,437</b> | <b>7,460,359,650</b> | <b>670,856,196</b>   | <b>670,856,196</b> | <b>13,872,964,585</b> | <b>13,382,660,884</b> |

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | 2014          |                    | 2013          |                      |
|--|---------------|--------------------|---------------|----------------------|
|  | Rs            | Rs                 | Rs            | Rs                   |
| <b>Cash Flows from Operating Activities</b>              |               |                    |               |                      |
| Profit for the year                                      |               | 1,435,538,026      |               | 975,076,965          |
| Adjustment for :   |               |                    |               |                      |
| Depreciation   | 1,296,655,672 |                    | 1,270,980,097 |                      |
| Exchange difference                                      | (395,065,552) |                    | 78,015,548    |                      |
| Finance costs  | 227,743,620   |                    | 218,187,287   |                      |
| Amortization of capital contribution/                    |               |                    |               |                      |
| Capital receipts   | (486,345,807) |                    | (13,505,845)  |                      |
| Investment Income  | (14,146,558)  |                    | (10,733,018)  |                      |
| Provision for pension costs                              | 254,455,000   | 883,296,375        | (46,221,000)  | 1,496,723,069        |
| <b>Operating surplus before working capital changes</b>  |               | 2,318,834,401      |               | 2,471,800,034        |
| <b>Changes in operating assets and liabilities</b>       |               |                    |               |                      |
| (Increase)/Decrease in inventories                       | (242,521,011) |                    | 63,139,516    |                      |
| (Increase)/Decrease in receivables                       | (225,865,373) |                    | (39,496,841)  |                      |
| Increase/(Decrease) in accounts payables                 | (158,444,069) | (626,830,453)      | 270,074,172   | 293,716,846          |
| <b>Cash from operating activities</b>                    |               | 1,692,003,948      |               | 2,765,516,880        |
| <b>Returns from investments and servicing of finance</b> |               |                    |               |                      |
| Interest paid  |               | (227,743,620)      |               | (218,187,287)        |
| <b>Net cash from operating activities</b>                |               | 1,464,260,328      |               | 2,547,329,593        |
| <b>Cash flows from Investing Activities</b>              |               |                    |               |                      |
| Grant received during the year                           | 490,348,916   |                    |               |                      |
| Interest received  | 14,146,558    |                    | 10,733,018    |                      |
| Acquisition of tangible fixed assets                     | (815,922,262) | (311,426,788)      | (875,802,542) |                      |
|  |               |                    |               | (865,069,524)        |
| <b>Cash flows from Financing Activities</b>              |               |                    |               |                      |
| Loans received   | 205,331,234   |                    | 230,718,043   |                      |
| Loans repaid   | (983,776,391) | (778,445,157)      | (614,306,569) | (383,588,526)        |
| Foreign Exchange Adjustment                              |               | 124,083,442        |               | 25,670,733           |
|  |               | <b>498,471,825</b> |               | <b>1,324,342,276</b> |
| <b>Net change in cash and cash equivalents</b>           |               |                    |               |                      |
| Cash and Cash equivalents as at 1 January                | 396,239,039   |                    | (928,257,249) |                      |
| <b>Cash and cash equivalents as at 31 December</b>       | 894,710,864   |                    | 396,085,027   |                      |
|  |               | <b>498,471,825</b> |               | <b>1,324,342,276</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. (a) LEGAL FORM AND ACTIVITIES

The Central Electricity Board (CEB) is a parastatal body wholly owned by the Government of Mauritius and reporting to the Ministry of Energy and Public Utilities. Established in 1952 and empowered by the Central Electricity Board Act of 25 January 1964, CEB's business is to "prepare and carry out development schemes with the general object of promoting, coordinating and improving the generation, transmission, distribution and sale of electricity" in Mauritius and Rodrigues Island.

The CEB's registered office and principal place of business is Rue du Savoir, Cyber City, Ebene.

### (b) STATEMENT OF COMPLIANCE

The CEB first adopted IFRS in the year 2005. However, following a change in Legislations, the CEB had to prepare its Financial Statements in compliance with the accounting requirements of the International Public Sector Accounting Standards (IPSAS) for the financial years 2011, 2012 and 2013.

For the Financial Year 2014, the Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) following the amendment made to the Financial Reporting Act, through the Economic and Financial Measures (Miscellaneous Provisions) Act 2013.

### (c) STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED

At the date of authorisation of these financial statements, the following relevant International Financial Reporting Standards (IFRSs) had already been issued but not effective:

- i. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (1 January 2016)
- ii. IFRS 7 Financial Instruments: Disclosures (1 January 2015)
- iii. IFRS 9 Financial Instruments (1 January 2015)
- iv. IFRS 13 Fair Value Measurement (Annual periods beginning on or after 1 July 2014)
- v. IFRS 14 Regulatory Deferral Accounts (1 January 2016)
- vi. IFRS 15 Revenue from Contracts with Customers (1 January 2017)
- vii. IAS 1 Presentation of Financial Statements (1 January 2016)
- viii. IAS 16 Property, Plant and Equipment (1 January 2016)
- ix. IAS 19 Employee Benefits (Annual periods beginning on or after 1 July 2014)
- x. IAS 24 Related Party Disclosures Benefits (Annual periods beginning on or after 1 July 2014)
- xi. IAS 38 Intangible Assets (1 January 2016)

The Directors anticipate that the adoption of these Standards interpretations and amendments in the future periods will have no material impact on the financial statements of the Board.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, all of which have been applied consistently throughout the year is set out below:

### (i) Basis of Accounting

The Financial Statements have been prepared on a going concern basis. Except where otherwise stated, the historical cost has been used in the preparation of the financial statements.

### (ii) Comparative Figures

Comparative figures have been restated where necessary.

### (iii) Revenue Recognition

Revenue comprises income from the sale of energy and arises from energy generation, transmission and distribution services. The sale is recognised when:

- A contract exists
- Delivery has taken place (or the service provided)
- A quantitative price has been established or can be determined, and
- The receivables are likely to be recovered.

Delivery is measured based on cyclical meter readings.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### (iv) Functional Currency and Foreign Currencies

Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

The functional currency of the CEB is the Mauritian rupees (MUR). Transactions in foreign currencies are recorded in Mauritian rupees at the rate of exchange ruling at the date of the transactions. Monetary assets & liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Mauritian rupees at the rate of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are dealt with through Statement of Comprehensive Income.

### (v) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Comprehensive Income of the period in which they are incurred.

### (vi) Grant Receivable and Capital Contribution

Grants received are accounted for as revenue. Asset-related capital contribution are treated as deferred income and amortised over a two/five-year period, whereas income-related capital contributions are recognised in the period they become receivable.

### (vii) Employees Benefits (Retirement Benefit Costs)

#### State Plan

Contributions to the National Pension Scheme are charged to Comprehensive Income in the period in which they fall due.

#### Defined Benefit Pension Plan

The CEB operates a defined benefit pension plan. The plan is funded by contributions from employees and employer. The employees used to contribute 6% of pensionable salaries, which were effectively paid by the CEB on their behalf since 1993. However, with the implementation of the new salary structure and conditions of service, effective as from July 2009, employees are contributing 9% of their pensionable salaries. The CEB's rate of contribution is determined by independent actuaries.



The cost of providing benefits is determined using the Projected Unit Credit Method with independent actuarial calculations being carried out at each Statement of Financial Position date. Service cost and finance cost components are recognised immediately to the extent that the benefits are already vested while re-measurements of the net defined benefit liability is recognized in other comprehensive income.

The superannuation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan. The current service cost and any past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

### Defined Contribution Pension Scheme

Employees joining the CEB since January 2004 were required to join a new defined contribution pension scheme, which came into operation as from July 2006. However, with the implementation of the salary structure and conditions of service, effective as from July 2009, this Scheme has been wound up in year 2014 and the employees transferred in the defined benefit plans.

### (viii) Employee Leave Entitlement

Employee entitlements leaves are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave payable as a result of services rendered by employees up to the Statement of Financial Position date.

### (ix) Property, Plant and Equipment

Property Plant and Equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

The generation, transmission and distribution assets and land and buildings are periodically revalued. The latest valuation has been carried by an independent professional valuer, Parsons Brinkerhoff Consultants Ltd of South Africa on Property, Plant and Equipment as at 31st December 2011. Valuation has been done on the basis of 'Existing Use Value' on the assumption that the assets for which current replacement value is sought will be used for the purpose of which it was originally intended.

The approach used by the valuers considered Replacement Cost New (RCN), Adjusted Replacement Cost New (ARCN) and the Depreciated Replacement Cost (DRC). ARCN is arrived at after reducing RCN by the amounts of obsolescence and DRC is computed after reducing ARCN by the amount of depreciation based on the ratio of estimated remaining economic life to the estimated total economic life of the assets. The concept of Optimised Depreciated Replacement Cost has also been adopted in course of valuation, which assumes replacement with modern equivalent assets performing the same function as existing assets. Fully depreciated assets, but still in use, have also been revalued and assigned an extended life time.

Any revaluation increase arising on the revaluation of such assets is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in Statement of Comprehensive Income, in which case the increase is credited to Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such assets is charged to Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is charged to Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. In addition, some of the surplus is transferred to retained earnings as the asset is used by the Board. In such a case, the amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method as follows:

|                                    | YEARS   |
|------------------------------------|---------|
| Plant and Machinery                | 20 - 50 |
| Civil Works                        | 25 - 50 |
| Transmission & Distribution Assets | 20 - 50 |
| Furniture                          | 10      |
| Computer Equipment                 | 3       |
| Vehicles                           | 5 - 7   |
| Non Operational Buildings          | 60      |

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Major plant spares parts previously included in inventories have been reclassified as Property, Plant and Equipment.

### (x) Intangible Assets

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software, which has been fully depreciated, was revalued in 2011 with an extended life time of 4 years.

### (xi) Impairment

At each reporting date, the CEB reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the CEB estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in Statement of Comprehensive Income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (xii) Financial Assets

Financial assets are classified as loans and receivables; available-for-sale financial assets. Financial assets include cash and cash equivalent, trade receivables, other receivables, loans and investment. The classification depends on the nature of the financial assets and is determined at the time of initial recognition.

## ***Loans and Receivables***

Trade receivables, loans and other receivables that have fixed or determined payments that are not quoted in an active market are classified as loans and receivables. Trade, loans and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost, wherever applicable, using the effective interest rate method if the time value of money is significant. Gains and losses are recognised as income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

## ***Available-for-sale Financial Assets***

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity, until the investment is derecognised or until the investment is determined to be impaired, at which time, the cumulative gain or loss reported in equity is included in the Statement of Comprehensive Income.

The fair value of quoted investments is determined by reference to bid prices at the close of business at Statement of Financial Position date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably estimated, assets are carried at cost.

## ***Impairment of Financial Assets***

At each Statement of Financial Position date, CEB assesses whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced, with the amount of the loss recognised in the Statement of Comprehensive Income. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to Statement of Comprehensive Income.

## **(xiii) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at hand, bank overdraft and demand deposits and are subject to an insignificant risk of changes in value.

## **(xiv) Inventories**

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## **(xv) Financial Liabilities and Equity**

Financial liabilities and equity instruments issued by the CEB are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the CEB after deducting all of its liabilities.

Equity instruments issued are recorded at the proceeds, net of direct issue costs.

## **(xvi) Financial Liabilities**

Financial liabilities are classified as other financial liabilities measured at amortised cost and the classification is determined at initial recognition.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the CEB's accounting policy for borrowing costs.

### **(xvii) Provisions**

Provisions are recognised when the CEB has a present obligation as a result of a past event, and it is probable that the CEB will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

### **(xviii) Critical Judgements and Key Sources of Estimation Uncertainty**

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date include retirement benefit obligations.

Financial assets and liabilities are recognised on the Statement of Financial Position when the CEB has become party to the contractual provisions of the financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. Schedule of Property, Plant and Equipment as at 31 December 2014

|  | Total Cost<br>as at<br>31.12.2013 | Additions<br>for the<br>year<br>2014 | Cost<br>Disposal<br>in the year<br>2014 | Total Cost after<br>Revaluation &<br>Additions<br>as at<br>31.12.2014 | Total<br>Depreciation<br>Charge For<br>Period<br>2014 | Accumulated<br>Depreciation<br>After Reval./<br>Disposal<br>for Year 2014 | Accumulated<br>Depreciation<br>After Revaluation<br>as at<br>31.12.2013 | Accumulated<br>Depreciation<br>as at<br>31.12.2014 | Carrying<br>Amount<br>as at<br>31.12.2013 | Carrying<br>Amount<br>as at<br>31.12.2014 |
|--|-----------------------------------|--------------------------------------|---|---|---|---|---|--|---|---|
| <b>GENERATION ASSETS</b>                         |                                   |                                      |   |   |   |   |   |  |   |   |
| Thermal Power Station                            | 18,164,255,002                    | 166,555,840                          | (467,682,084)                           | 17,863,128,758  | 602,730,743   | (442,094,482)   | 7,611,469,397   | 7,772,105,658                                      | 10,552,785,605                            | 10,091,023,099                            |
| Hydro Power Station                              | 5,278,679,334                     | 136,465,806                          |   | 5,415,145,140   | 163,692,839   |   | 3,396,967,139   | 3,560,659,978                                      | 1,881,712,195                             | 1,854,485,162                             |
| Wind Park  | 89,962,407                        | 1,089,039                            |   | 91,051,446  | 2,881,362   |   | 18,015,967  | 20,897,329   | 71,946,440                                | 70,154,117                                |
| <b>TOTAL GENERATING ASSETS</b>                   | <b>23,532,896,743</b>             | <b>304,110,685</b>                   | <b>(467,682,084)</b>                    | <b>23,369,325,343</b>   | <b>769,304,944</b>                                    | <b>(442,094,482)</b>  | <b>11,026,452,503</b>   | <b>11,353,662,965</b>                              | <b>12,506,444,240</b>                     | <b>12,015,662,378</b>                     |
| <b>TRANSMISSION ASSETS</b>                       |                                   |                                      |   |   |   |   |   |  |   |   |
| Transmission Network                             | 1,192,329,960                     | 41,288,945                           |   | 1,233,618,905   | 31,600,755  |   | 455,974,636   | 487,575,391  | 736,355,324                               | 746,043,514                               |
| Major Substations                                | 2,463,988,998                     | 61,575,508                           | (51,476,735)                            | 2,474,087,772   | 90,438,000  | (49,655,093)  | 1,378,601,178   | 1,419,384,085                                      | 1,085,387,820                             | 1,054,703,687                             |
| System Control                                   | 256,461,986                       | 11,142,865                           |   | 267,604,851   | 15,401,835  |   | 94,421,859  | 109,823,694  | 162,040,127                               | 157,781,157                               |
| <b>SUB TOTAL</b>                                 | <b>3,912,780,944</b>              | <b>114,007,319</b>                   | <b>(51,476,735)</b>                     | <b>3,975,311,529</b>  | <b>137,440,590</b>                                    | <b>(49,655,093)</b>   | <b>1,928,997,673</b>  | <b>2,016,783,171</b>                               | <b>1,983,783,271</b>                      | <b>1,958,528,358</b>                      |
| <b>DISTRIBUTION ASSETS</b>                       |                                   |                                      |   |   |   |   |   |  |   |   |
| Distribution Network                             | 9,749,362,680                     | 463,194,233                          | (713,107)                               | 10,211,843,806  | 301,114,798   | (139,023)   | 4,480,990,538   | 4,781,966,314                                      | 5,268,372,142                             | 5,429,877,492                             |
| <b>TOTAL TRANSMISSION &amp; DIST ASSETS</b>      | <b>13,662,143,624</b>             | <b>577,201,552</b>                   | <b>(52,189,842)</b>                     | <b>14,187,155,334</b>   | <b>438,555,388</b>                                    | <b>(49,794,116)</b>   | <b>6,409,988,211</b>  | <b>6,798,749,484</b>                               | <b>7,252,155,413</b>                      | <b>7,388,405,850</b>                      |
| <b>TOTAL GENERATING, TRANS &amp; DIST ASSETS</b> | <b>37,195,040,367</b>             | <b>881,312,237</b>                   | <b>(519,871,926)</b>                    | <b>37,556,480,678</b>   | <b>1,207,860,332</b>                                  | <b>(491,888,598)</b>  | <b>17,436,440,715</b>   | <b>18,152,412,449</b>                              | <b>19,758,599,653</b>                     | <b>19,404,068,228</b>                     |
| <b>LAND, BUILDINGS &amp; OTHER ASSETS</b>        |                                   |                                      |   |   |   |   |   |  |   |   |
| Land Full Ownership                              | 343,019,645                       | -                                    |   | 343,019,645   | -   | -   | -   | -  | 343,019,645                               | 343,019,645                               |
| Buildings  | 538,036,569                       | 16,431,635                           |   | 554,468,204   | 9,707,224   |   | 138,116,323   | 147,823,546  | 399,920,247                               | 406,644,658                               |
| Furniture & Office Equipment                     | 84,732,054                        | 245,800                              |   | 98,833,512  | 4,508,789   |   | 58,715,992  | 63,224,780   | 26,016,062                                | 35,608,732                                |
| Motor Vehicles                                   | 183,807,126                       | 9,560,568                            | (4,847,338)                             | 188,520,356   | 19,930,649  | (4,792,190)   | 111,375,798   | 126,514,256  | 72,431,328                                | 62,006,099                                |
| Asset Under Construction                         | 576,081,695                       | 57,056,449                           |   | 633,138,144   |   |   |   |  | 576,081,695                               | 633,138,144                               |
| Major Parts                                      | 150,774,910                       | 18,092,148                           |   | 168,867,058   |   |   |   |  | 150,774,910                               | 168,867,058                               |
| Computer Equipment                               | 100,872,337                       | 8,676,899                            |   | 109,549,236   | 6,916,532   |   | 91,517,818  | 98,434,350   | 9,354,519                                 | 11,114,886                                |
| Tools & Instruments                              | 217,538,422                       | 13,297,238                           |   | 230,835,660   | 11,700,076  |   | 178,332,967   | 190,033,042  | 39,205,455                                | 40,802,618                                |
| <b>SUB TOTAL</b>                                 | <b>2,194,862,758</b>              | <b>123,360,737</b>                   | <b>(4,847,338)</b>                      | <b>2,327,231,815</b>  | <b>52,763,269</b>                                     | <b>(4,792,190)</b>  | <b>578,058,897</b>  | <b>626,029,975</b>                                 | <b>1,616,803,861</b>                      | <b>1,701,201,840</b>                      |
| <b>TOTAL ASSETS EXCLUDING MIS</b>                | <b>39,389,903,125</b>             | <b>1,004,672,974</b>                 | <b>(524,719,264)</b>                    | <b>39,883,712,493</b>   | <b>1,260,623,601</b>                                  | <b>(496,680,788)</b>  | <b>18,014,499,611</b>   | <b>18,778,442,425</b>                              | <b>21,375,403,514</b>                     | <b>21,105,270,068</b>                     |
| <b>INTANGIBLE ASSETS</b>                         |                                   |                                      |   |   |   |   |   |  |   |   |
| Implementation of MIS                            | 351,813,605                       | 23,922,047                           | -                                       | 375,735,652   | 36,032,070  | -   | 280,090,114   | 316,122,184  | 71,723,491                                | 59,613,467                                |
| <b>TOTAL ASSETS</b>                              | <b>39,741,716,730</b>             | <b>1,028,595,020</b>                 | <b>(524,719,264)</b>                    | <b>40,259,448,145</b>   | <b>1,296,655,672</b>                                  | <b>(496,680,788)</b>  | <b>18,294,589,725</b>   | <b>19,094,564,609</b>                              | <b>21,447,127,005</b>                     | <b>21,164,883,536</b>                     |

The Infrastructure, Plant & Equipment has been revalued as at 31.12.2011 by independent valuer, Parsons Brinckerhoff Consultants, using a net replacement cost basis having regard to the latest market values available. This resulted in a revaluation surplus of Rs 2.1 billion. Also, at year end, some fully depreciated assets, for which economic benefits are still being derived, have been revalued based on their insured value and the Engineer's experience. The revaluation reserves have therefore been increased by Rs 215.8 M for this exercise.

Had the assets been reported at historical costs, the Net Book Value would have been approximately Rs 15.6 billion.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. INVESTMENT

|            | 2014             | 2013             |
|------------|------------------|------------------|
|            | Rs               | Rs               |
| Investment | 1,000,000        | 1,000,000        |
|            | <b>1,000,000</b> | <b>1,000,000</b> |

1000 ordinary shares of Rs 1,000 each have been subscribed in a private company, the CEB Investment Company Ltd. This company, which is fully owned by the CEB, has been incorporated on 24th April 2007 with a view to participate, with a 26% shareholding, in a forthcoming coal fired project together with CT Power Ltd, a public limited company incorporated in Malaysia through The (Mauritius) CT Power, a private limited company. As at 31.12.2014, there has been no transactions conducted by CEB Investment Company Ltd.

### 5. LOANS RECEIVABLE

|                                     | 2014              | 2013              |
|-------------------------------------|-------------------|-------------------|
|                                     | Rs                | Rs                |
| Staff loans for vehicles            | 62,426,246        | 56,199,399        |
| Others                              | 3,172,631         | 1,895,829         |
|                                     | <b>65,598,877</b> | <b>58,095,228</b> |
| <b>Receivables within 12 months</b> | <b>31,670,141</b> | <b>23,021,058</b> |
| <b>Receivables after 12 months</b>  | <b>33,928,736</b> | <b>35,074,170</b> |

The staff loans bear interest at the fixed rate 7.5% for all loan taken before July 2013. As from 1.07.2013, the rate of interest has been linked to the repo rate. The loan is repayable over a period of 5 to 7 yrs.

### 6. INVENTORIES

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
|  | Rs                   | Rs                   |
| Inventories comprise the following items : |                      |                      |
| Fuel and lubricating oil                   | 575,358,175          | 538,178,260          |
| Spare parts for power stations             | 459,177,371          | 460,539,796          |
| Transmission and distributions             | 711,338,902          | 420,296,879          |
| Others                                     | 13,424,994           | 16,485,900           |
| Sub total                                  | <b>1,759,299,442</b> | <b>1,435,500,836</b> |
| Rodrigues                                  | 15,323,284           | 96,600,878           |
|  | <b>1,774,622,725</b> | <b>1,532,101,714</b> |

Major spare parts exceeding Rs 500,000 in value have been identified and verified whether of capital nature. An amount of Rs 168.9M worth of stock for 2014 has been capitalised and analysed into Generation Rs 83.6 M, Transmission & Distribution Rs 81.1 M and Rodrigues Rs 4.2 M

## 7. TRADE RECEIVABLES

|                 | 2014                 | 2013                 |
|-----------------|----------------------|----------------------|
|                 | Rs                   | Rs                   |
| Trade Debtors   | 2,445,075,180        | 2,424,710,225        |
| Less Impairment | (128,469,090)        | (98,275,079)         |
|                 | <b>2,316,606,090</b> | <b>2,326,435,146</b> |

Trade debtors include electricity bills amounting to Rs 1,407 M for December 2014 consumption and delivered in January & February 2015. No surcharge is levied on trade receivables for the first 20 days from date of delivery of invoice. Surcharge is payable at 5 per cent on the outstanding balance.

## 8. OTHER RECEIVABLES

|             | 2014               | 2013               |
|-------------|--------------------|--------------------|
|             | Rs                 | Rs                 |
| Prepayments | 7,961,212          | 971,838            |
| VAT         | 254,002,024        | 257,073,853        |
| Others      | 395,573,470        | 171,300,235        |
|             | <b>657,536,706</b> | <b>429,345,927</b> |

## 9. BANK BALANCES AND CASH

|   | 2014                 | 2013                 |
|---|----------------------|----------------------|
|   | Rs                   | Rs                   |
| Bank deposits   | 1,050,885,985        | 914,906,115          |
| Cash balances   | 739,722              | 482,033              |
|   | <b>1,051,625,707</b> | <b>915,388,148</b>   |
| Bank Overdraft  | (156,914,843)        | (519,303,121)        |
| <i>Bank Overdraft analysed Into:</i>                    |                      |                      |
| Bank overdraft  | (156,914,843)        | (169,303,121)        |
| Overnight facility                                      | -                    | (350,000,000)        |
|   | <b>(156,914,843)</b> | <b>(519,303,121)</b> |
| <i>The average interest rates paid were as follows:</i> |                      |                      |
| Bank overdraft and overnight facility                   | <b>0.93%</b>         | <b>3.01%</b>         |

Bank balances and cash comprise cash held by the Board and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Bank overdrafts are payable on demand and bear an average effective interest of 0.93%. The overdrafts are guaranteed by Government.

## 10. CAPITAL CONTRIBUTION

This represents advances from the Government which will eventually be converted into equity or refunded.

## 11. BORROWINGS

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
|  | Rs                   | Rs                   |
| <b>Current</b>   |                      |                      |
| Term loans   | 869,341,428          | 793,538,201          |
| <b>Borrowings due within one year</b>                          | <b>869,341,428</b>   | <b>793,538,201</b>   |
| <b>Non-current</b>   |                      |                      |
| Term loans   | 5,321,116,090        | 6,446,346,584        |
| <b>Borrowings due after one year</b>                           | <b>5,321,116,090</b> | <b>6,446,346,584</b> |
| <b>TOTAL INDEBTEDNESS AS AT 31 DECEMBER</b>                    | <b>6,190,457,518</b> | <b>7,239,884,785</b> |
|  |                      |                      |
|  | 2014                 | 2013                 |
| <i>Term loans due after one year are repayable as follows:</i> |                      |                      |
| Between two and five years                                     | 2,846,140,175        | 2,618,058,447        |
| After five years   | 2,474,975,915        | 3,828,288,137        |
|  | <b>5,321,116,090</b> | <b>6,446,346,583</b> |

During the year 2014, borrowing costs capitalised amounted to Rs 10,376,538.32

The term loans are guaranteed by the Government.

The annual average interest rate paid on the loans was 3.34% (2013:3.51%)

The Directors estimate that the fair values of the borrowings are equivalent to their carrying amounts.

### *Analysis of borrowings by currency:*

|                 | 2014                 | 2013                 |
|-----------------|----------------------|----------------------|
|                 | Rs                   | Rs                   |
| <b>Currency</b> |                      |                      |
| Mauritian Rupee | 2,575,052,880        | 2,929,608,370        |
| US Dollars      | 138,052,381          | 151,539,529          |
| EURO            | 3,477,352,257        | 4,158,736,886        |
| <b>TOTAL</b>    | <b>6,190,457,518</b> | <b>7,239,884,785</b> |

Loans of Rs 191 M were arranged at fixed interest rates and Rs 3,424 M were arranged at floating rates.

## 11. SCHEDULE OF LOANS

| DESCRIPTION                   | LOAN RECEIVED     |                   |             |                       | LOAN REDEEMED      |                   |             |                    | INSTALMENTS         |                              |                           |                           |
|-------------------------------|-------------------|-------------------|-------------|-----------------------|--------------------|-------------------|-------------|--------------------|---------------------|------------------------------|---------------------------|---------------------------|
|                               | As At<br>1-Jan-14 | As At<br>1-Jan-14 | In<br>2014  | Currency<br>Variation | As At<br>31-Dec-14 | As At<br>1-Jan-14 | In<br>2014  | As At<br>31-Dec-14 | Due But<br>Not Paid | Repayable Within<br>One year | Repayable<br>in years 2-5 | Repayable<br>after Year 5 |
| <b>Govt Loans:</b>            |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| <b>Local Loans</b>            |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| Development Loans             | 6,698,750         | 131,452,775       | -           | -                     | 131,452,775        | 124,754,024       | 680,000.00  | 125,434,024        |                     | 680,000                      | 1,360,000                 | 3,978,750                 |
| Kuwait Fund - 132 kV          | 80,165,778        | 218,633,940       | -           | -                     | 218,633,940        | 138,468,162       | 14,575,596  | 153,043,758        |                     | 14,575,596                   | 51,014,586                | -                         |
| Fin FEL -project              | 222,015,937       | 296,021,250       | -           | -                     | 296,021,250        | 74,005,313        | 29,602,125  | 103,607,438        | -                   | 29,602,125                   | 118,408,500               | 44,403,187                |
| Fort Victoria Phase 2         | -                 | 470,000,000       | -           | -                     | 470,000,000        | 470,000,000       | -           | 470,000,000        | -                   | -                            | -                         | -                         |
| Pte Monier (Rod)              | 98,400,000        | 123,000,000       | -           | -                     | 123,000,000        | 24,600,000        | 98,400,000  | 123,000,000        | -                   | -                            | -                         | -                         |
|                               | 407,280,465       | 1,239,107,965     | -           | -                     | 1,239,107,965      | 831,827,499       | 143,257,721 | 975,085,220        | -                   | 44,857,721                   | 170,783,086               | 48,381,937                |
| <b>Foreign Loans</b>          |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| GOVT-(KFW) ROD                | -                 | 78,466,213        | -           | -                     | 78,466,213         | 78,466,213        | -           | 78,466,213         | -                   | -                            | -                         | -                         |
| GOVT-(KWP) FG3                | -                 | 423,453,888       | -           | -                     | 423,453,888        | 423,453,888       | -           | 423,453,888        | -                   | -                            | -                         | -                         |
| GOVT-(NIB) -FG                | -                 | 291,592,500       | -           | -                     | 291,592,500        | 291,592,500       | -           | 291,592,500        | -                   | -                            | -                         | -                         |
| BADEA                         | 151,539,529       | 274,410,995       | -           | 6,249,852             | 280,660,847        | 122,871,466       | 19,737,000  | 142,608,466        |                     | 21,313,915                   | 91,890,217                | 24,848,249                |
| Fort Victoria Phase 2         | 2,315,060,000     | 2,315,060,000     | -           | (156,695,000)         | 2,158,365,000      | -                 | 192,921,667 | 192,921,667        |                     | 179,863,750                  | 719,455,000.00            | 1,066,124,583             |
| Pte Monier (Rod)              | 378,828,000       | 378,828,000       | -           | (27,972,000)          | 350,856,000        | -                 | -           | 350,856,000        |                     | 29,238,000                   | 116,952,000               | 204,666,000               |
|                               | 2,845,427,529     | 3,761,811,596     | -           | (178,417,148)         | 3,583,394,448      | 916,384,067       | 212,658,667 | 1,129,042,734      | -                   | 230,415,665                  | 928,297,217               | 1,295,638,832             |
| <b>SUB TOTAL</b>              | 3,252,707,994     | 5,000,919,561     | -           | (178,417,148)         | 4,822,502,413      | 1,748,211,566     | 355,916,388 | 2,104,127,954      | -                   | 275,273,386                  | 1,099,080,303             | 1,344,020,769             |
| <b>Other Loans (Foreign)</b>  |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| EIB                           | 27,910,683        | 83,689,620        | -           | (1,545,658)           | 82,143,962         | 55,778,937        | 6,977,672   | 62,756,608         |                     | 19,387,354                   | -                         | -                         |
| KFW -FORT VIC                 | 48,379,876        | 306,904,250       | -           | (2,679,214)           | 304,225,036        | 258,524,374       | 12,094,970  | 270,619,344        |                     | 33,605,692                   | -                         | -                         |
| New St Louis Loan-NIB         | 347,598,451       | 676,088,177       | -           | (22,457,806)          | 653,630,370        | 328,489,726       | 43,449,806  | 371,939,533        |                     | 40,241,548                   | 160,966,193.55            | 80,483,096                |
| HSBC Fort-Victoria1           | 1,040,959,876     | 1,468,171,910     | -           | (65,882,284)          | 1,402,289,627      | 427,212,035       | 148,708,553 | 575,920,587        |                     | 137,728,171.94               | 550,912,687.78            | 137,728,180               |
|                               | 1,464,848,886     | 2,534,853,957     | -           | (92,564,962)          | 2,442,288,995      | 1,070,005,071     | 211,231,000 | 1,281,236,072      | -                   | 230,962,767                  | 711,878,881               | 218,211,276               |
| <b>SUB TOTAL</b>              |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| <b>Other Loans (Local)</b>    |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
| CEB Pension Funds-Staff       | 810,004,801       | 1,016,504,801     | 57,915,343  | -                     | 1,074,420,144      | 206,500,000       | -           | 206,500,000        |                     | 50,000,000                   | 200,000,000               | 617,920,144               |
| CEB Pension Funds-Manual      | 465,237,557       | 517,237,557       | 32,079,348  | -                     | 549,316,906        | 52,000,000        | 50,000,000  | 102,000,000        |                     | 50,000,000                   | 200,000,000               | 197,316,906               |
| CEB Pension Funds-Staff       | 63,000,000        | 70,000,000        | -           | -                     | 70,000,000         | 7,000,000         | 14,000,000  | 21,000,000         |                     | 14,000,000                   | 35,000,000                | -                         |
| CEB Pension Funds-Manual      | 45,000,000        | 50,000,000        | -           | -                     | 50,000,000         | 5,000,000         | 10,000,000  | 15,000,000         |                     | 10,000,000                   | 25,000,000                | -                         |
| Consumers Development Loans   | 64,886,759        | 539,591,943       | 16,936,542  | -                     | 556,528,485        | 474,705,184       | 17,906,990  | 492,612,174        |                     | 12,783,262                   | 51,133,049                | -                         |
| New St Louis Loan+HSBC        | 48,000,000        | 160,000,000       | -           | -                     | 160,000,000        | 112,000,000       | 16,000,000  | 128,000,000        |                     | 16,000,000                   | 16,000,000                | -                         |
| 6.29 sbm loan                 | 400,000,000       | 500,000,000       | -           | -                     | 500,000,000        | 100,000,000       | 100,000,000 | 200,000,000        |                     | 100,000,000                  | 200,000,000               | -                         |
| HSBC St Louis(refin Bar&BDM)) | 95,171,508        | 209,377,318       | -           | -                     | 209,377,318        | 114,205,810       | 38,068,603  | 152,274,413        |                     | 38,068,603.28                | 19,034,302                | -                         |
| SBM refinancing FV2           | 329,000,000       | 376,000,000       | -           | -                     | 376,000,000        | 47,000,000        | 47,000,000  | 94,000,000         |                     | 47,000,000                   | 188,000,000               | 47,000,000                |
| HSBC Fort victoria            | 202,027,280       | 252,534,100       | -           | -                     | 252,534,100        | 50,506,820        | 25,253,410  | 75,760,230         |                     | 25,253,410                   | 101,013,640               | 50,506,820                |
| Barclays Bank loan            | -                 | -                 | 98,400,000  | -                     | 98,400,000         | -                 | 98,400,000  | 98,400,000         |                     | -                            | -                         | -                         |
|                               | 2,522,327,905     | 3,691,245,719     | 205,331,234 | -                     | 3,896,576,953      | 1,168,917,814     | 416,629,003 | 1,585,546,817      | -                   | 363,105,275                  | 1,035,180,991             | 912,743,870               |
| <b>SUB TOTAL</b>              |                   |                   |             |                       |                    |                   |             |                    |                     |                              |                           |                           |
|                               | 7,239,884,785     | 11,227,019,238    | 205,331,234 | (270,982,110)         | 11,161,368,362     | 3,987,134,452     | 983,776,391 | 4,970,910,842      | -                   | 869,341,428                  | 2,846,140,175             | 2,474,975,915             |

## 12. EMPLOYEE BENEFITS

The Board operates a Defined Benefit Plan for its employees. The assets of the Funds are held independently and administered by the CEB Staff Pension Fund and the CEB Manual Workers Pension Fund.

|   | Year Ending<br>31/12/2014 | Year Ending<br>31/12/2013 |
|---|---------------------------|---------------------------|
|   | Rs'000                    | Rs'000                    |
| <b>Reconciliation of Net Defined Benefit Liability / (Asset)</b>      |                           |                           |
| Opening balance   | 1,714,517                 | 1,420,696                 |
| Adjustment due to implementation of IAS 19                            | 1,007,646                 | -                         |
| Amount recognised in P&L  | 269,606                   | 281,955                   |
| Amount recognised in OCI  | 100,475                   | 354,129                   |
| Less Employer contributions   | (115,626)                 | (342,263)                 |
| <b>Closing balance</b>  | <b>2,976,618</b>          | <b>1,714,517</b>          |
| <b>Reconciliation of Fair Value of Plan Assets</b>                    |                           |                           |
| Opening balance   | 2,863,419.00              | 2,557,319.00              |
| Interest income   | 211,768.00                | 226,074.00                |
| Employer contributions  | 115,626.00                | 342,263.00                |
| Employee contributions  | 87,437.00                 | 53,945.00                 |
| Benefits paid   | (284,220.00)              | (187,192.00)              |
| Exchange differences  | -                         | -                         |
| Effect of business combination/disposal                               | -                         | -                         |
| Return on plan assets excluding interest income                       | (100,475.00)              | (128,990.00)              |
| <b>Closing balance</b>  | <b>2,893,555.00</b>       | <b>2,863,419.00</b>       |
| <b>Reconciliation of Present Value of Defined Benefits Obligation</b> |                           |                           |
| Opening balance   | 5,585,582.00              | 4,985,661.00              |
| Current Service cost  | 72,921.00                 | 92,041.00                 |
| Employee contributions  | 87,437.00                 | 53,945.00                 |
| Interest expense  | 408,453.00                | 415,988.00                |
| Past Service cost   | -                         | -                         |
| Settlement (gain)/ loss   | -                         | -                         |
| (Benefits paid on settlement)   | -                         | -                         |
| (Other benefits paid)   | (284,220.00)              | (187,192.00)              |
| Exchange differences  | -                         | -                         |
| Effect of business combination/disposal                               | -                         | -                         |
| Liability experience (gain)/loss                                      | -                         | -                         |
| Liability (gain)/loss due to change in demographic assumptions        | -                         | -                         |
| Liability (gain)/loss due to change in financial assumptions          | -                         | 225,139.00                |
| <b>Closing balance</b>  | <b>5,870,173.00</b>       | <b>5,585,582.00</b>       |
| <b>Reconciliation of the Effect of the Asset Ceiling</b>              |                           |                           |
| Opening balance   | -                         | -                         |
| Amount recognised in P&L  | -                         | -                         |
| Amount recognised in OCI  | -                         | -                         |
| <b>Closing balance</b>  | <b>-</b>                  | <b>-</b>                  |
| <b>Components of amount recognised in P&amp;L</b>                     |                           |                           |
| Current service cost  | 72,921.00                 | 92,041.00                 |
| Past service cost   | -                         | -                         |
| Settlement (gain)/loss  | -                         | -                         |
| <b>Service cost</b>   | <b>72,921.00</b>          | <b>92,041.00</b>          |
| <b>Net interest on net defined benefit liability/(asset)</b>          | <b>196,685.00</b>         | <b>189,914.00</b>         |
| <b>Total</b>  | <b>269,606.00</b>         | <b>281,955.00</b>         |



## 12. EMPLOYEE BENEFITS (CONT'D)

|  | Year Ending<br>31/12/2014 | Year Ending<br>31/12/2013 |
|--|---------------------------|---------------------------|
| <b>Components of amount recognised in OCI</b>                              |                           |                           |
| Return on plan assets (above)/below interest income                        | 100,475.00                | 128,990.00                |
| Liability experience (gain)/loss   | -                         | -                         |
| Liability (gain)/loss due to change in demographic assumptions             | -                         | -                         |
| Liability (gain)/loss due to change in financial assumptions               | -                         | 225,139.00                |
| Change in effect of asset ceiling  | -                         | -                         |
| <b>Total</b>   | <b>100,475.00</b>         | <b>354,129.00</b>         |
| <b>Allocation of Plan assets at End of Year</b>                            | <b>%</b>                  | <b>%</b>                  |
| Equity - Overseas quoted   | 2                         | 0                         |
| Equity - Local quoted  | 1                         | 0                         |
| Debt - Overseas unquoted   | 1                         | 0                         |
| Debt - Secured   | 2                         | 2                         |
| Debt - Related Party (CEB)   | 48                        | 48                        |
| Debt - Local quoted  | 1                         | 1                         |
| Debt - Local unquoted  | 0                         | 9                         |
| Cash and other   | 45                        | 40                        |
| <b>Total</b>   | <b>100.00</b>             | <b>100.00</b>             |
| <b>Allocation of Plan Assets at End of Period</b>                          | <b>%</b>                  | <b>%</b>                  |
| Reporting entity's own transferable financial instruments                  | 0                         | 0                         |
| Property occupied by reporting entity                                      | 0                         | 0                         |
| Other assets used by reporting entity                                      | 48                        | 48                        |
| <b>Principal Assumptions used at End of Period</b>                         |                           |                           |
| Discount rate  | 7.50%                     | 7.50%                     |
| Rate of salary increases   | 5.50%                     | 5.50%                     |
| Rate of pension increases  | 5.00%                     | 5.00%                     |
| Average retirement age (ARA)   | 63.50                     | 63.50                     |
| Average life expectancy for:   |                           |                           |
| Male at ARA  | 16.9 years                | 16.9 years                |
| Female at ARA  | 21.3 years                | 21.3 years                |
| <b>Sensitivity Analysis on Defined Benefit Obligation at End of Period</b> |                           |                           |
| Increase due to 1% decrease in discount rate                               | 880,526.00                | N/A                       |
| Decrease due to 1% decrease in discount rate                               | 704,421.00                | N/A                       |

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged.

## 12. EMPLOYEE BENEFITS (CONT'D)

### Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

|   |          |
|---|----------|
| Expected employer contribution for the next year            | 360,274  |
| Weighted average duration of the defined benefit obligation | 14 years |

Retirement benefit obligations have been based on an actuarial report from Aon Hewitt dated 18<sup>th</sup> October 2014.

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
|  | Rs                   | Rs                   |
| Provision For Group Pension Fund as at 31.12.2013        | 1,714,517,000        | 1,760,738,000        |
| Adjustment due to implementation of IAS19                | 1,007,646,000        | -                    |
| Provision For Group Pension Fund for FY2014              | 254,455,000          | 46,221,000           |
| <b>Provision For Group Pension Fund as at 31.12.2014</b> | <b>2,976,618,000</b> | <b>1,806,959,000</b> |

The increase of Rs 254.5 M in provision for group pension is the result of actuarial losses on defined benefits plans for the amount of Rs 100.5 M as displayed in Other Comprehensive Income, the charge for the year amounting to Rs 269.6 M and the amount of Rs 115.6 M already contributed by the employer to the fund (both included in the Profit and Loss Account).

## 13. PROVISIONS

|                                    | 2014               | 2013               |
|------------------------------------|--------------------|--------------------|
|                                    | Rs                 | Rs                 |
| Carrying Amounts                   | 490,315,529        | 346,108,378        |
| Payable within 1 year              | 232,308,529        | 169,280,422        |
| <b>Payable in more than 1 year</b> | <b>258,007,000</b> | <b>176,827,956</b> |

## 14. TRADE AND OTHER PAYABLES

|                              | 2014                 | 2013                 |
|------------------------------|----------------------|----------------------|
|                              | Rs                   | Rs                   |
| Provision for loose bagasse  | 38,546,299           | 40,882,529           |
| Interest on government loans | 5,614,108            | 9,363,824            |
| Wages and Salaries due       | 11,757,870           | 9,928,831            |
| MBC TV License Fee           | 48,111,216           | 38,557,046           |
| Retention Money on Contracts | 22,725,144           | 19,328,528           |
| Other creditors and accruals | 2,133,998,989        | 2,326,019,481        |
|                              | <b>2,260,753,626</b> | <b>2,444,080,239</b> |

## 15. REVENUE

|                      | 2014                  | 2013                  |
|----------------------|-----------------------|-----------------------|
|                      | Rs                    | Rs                    |
| Sales of electricity | 14,040,453,161        | 13,620,322,883        |
| Rental of meters     | 73,176,661            | 71,007,125            |
|                      | <b>14,113,629,822</b> | <b>13,691,330,008</b> |

## 16. COST OF SALES

|                                   | 2014                  | 2013                  |
|-----------------------------------|-----------------------|-----------------------|
|                                   | Rs                    | Rs                    |
| Generation Costs                  | 5,092,558,660         | 5,319,161,968         |
| Purchase of electricity           | 4,947,085,020         | 4,737,683,660         |
| Depreciation of generation assets | 768,895,798           | 746,961,962           |
|                                   | <b>10,808,539,478</b> | <b>10,803,807,590</b> |

## 17. OTHER INCOME

|  | 2014               | 2013               |
|--|--------------------|--------------------|
|  | Rs                 | Rs                 |
| Rechargeable services                  | 31,005,224         | 36,349,755         |
| Late Payment Surcharge                 | 107,372,223        | 105,213,100        |
| MBC TV Licence fee                     | 6,330,151          | 3,600,000          |
| Other sundry receipts                  | 135,914,484        | 71,493,150         |
| Grant From MPU-Land Fill Gas to Energy | 20,000,000         | 20,000,000         |
| Penalties from IPP                     | 6,906,186          | 5,335,735          |
|  | <b>307,528,268</b> | <b>241,991,741</b> |

## 18. DISTRIBUTION COSTS

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
|  | Rs                   | Rs                   |
| Distribution Operating Costs                     | 135,944,441          | 265,876,577          |
| Salaries and related Expenses                    | 819,954,453          | 757,865,724          |
| Provision for Back Pay                           | 98,631,650           |                      |
| Provision for unpaid passage benefits            | 17,178,337           | 17,759,649           |
| Provision for unpaid vacation/credit leave       | 14,338,777           | 14,540,230           |
| Amortisation of grants and other deferred assets | (486,345,807)        | (412,372,900)        |
| Legal & Professional Fees                        | 3,471,363            | 1,659,036            |
| Depreciation on Distribution Assets              | 438,964,534          | 427,779,102          |
|  | <b>1,042,137,748</b> | <b>1,073,107,419</b> |

## 19. ADMINISTRATIVE EXPENSES

|  | 2014                 | 2013               |
|--|----------------------|--------------------|
|  | Rs                   | Rs                 |
| Salaries and related Expenses              | 497,393,849          | 460,136,360        |
| General Expenses                           | 237,581,716          | 271,065,825        |
| Provision for Back Pay                     | 26,557,692           | 14,172,842         |
| Provision for unpaid passage benefits      | 4,248,717            | 7,062,848          |
| Provision for unpaid vacation/credit leave | 1,619,289            | 1,440,741          |
| Legal & Professional Fees                  | 13,932,505           | 14,240,292         |
| Impairment of Debtors                      | 32,442,106           | 12,793,542         |
| Auditors fees                              | 600,000              | 600,000            |
| Bank Charges                               | 2,151,285            | 2,931,790          |
| Directors fees                             | 3,955,467            | 1,406,602          |
| Pension obligation (service cost)          | 269,606,000          | -                  |
| Depreciation of Buildings and Other Assets | 88,795,336           | 96,239,034         |
| <b>Total</b>                               | <b>1,178,883,963</b> | <b>882,089,877</b> |

## 20. INVESTMENT INCOME

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | Rs                | Rs                |
| Interest on Bank deposits and other bank balances | 14,146,558        | 10,733,018        |
|   | <b>14,146,558</b> | <b>10,733,018</b> |

## 21. EXCHANGE GAINS / (LOSS)

|                         | 2014               | 2013                |
|-------------------------|--------------------|---------------------|
|                         | Rs                 | Rs                  |
| Realised Gains/(Loss)   | (37,052,365)       | 40,008,918.07       |
| Unrealised Gains/(Loss) | 395,065,552        | (78,015,548.41)     |
|                         | <b>358,013,187</b> | <b>(38,006,630)</b> |

## 22. FINANCE COSTS

|                       | 2014               | 2013               |
|-----------------------|--------------------|--------------------|
|                       | Rs                 | Rs                 |
| Interest of Loan      | 224,520,508        | 192,959,141        |
| Interest on Overdraft | 3,223,113          | 25,228,146         |
|                       | <b>227,743,620</b> | <b>218,187,287</b> |

## 23. RELATED PARTY TRANSACTIONS

The immediate and ultimate controlling party of the Board is the Government of Mauritius.

The Board also purchased fuel oil amounting to Rs 5.3 billion from State Trading Corporation which is fully owned by the Government.

Loans due to Government is disclosed in the schedule of loans in note 11. Interest paid on these loans for 2014 amounted to Rs 61.0 million.

Loans from the CEB Staff Pension Fund and CEB Manual Workers Pension Fund are unsecured and totalled Rs 867.9 M and Rs 447.3M respectively and are repaid as and when required by the Funds. Further, there are two other loans for the respective amount of Rs 49M and Rs 35M, repaid half yearly over a 5 year tenor. An amount of Rs 474.8 M and 474.7 M have also been accrued for the CEB Staff Pension Fund & the CEB Manual Workers Pension Fund respectively, as additional contribution towards their deficits. The Board has appointed key management personnel as its representatives in both Pension Funds.

### *Remuneration of key management personnel*

Remuneration of Directors and other members of key management during the year was as follows:

|                     | 2014       | 2013       |
|---------------------|------------|------------|
|                     | Rs         | Rs         |
| Short term benefits | 37,953,522 | 22,518,833 |

## 24. COMMITMENTS

In the course of its generation and supply activities, the Board has entered into long-term contracts and “take or pay” contracts with independent power producers, in which it undertakes to purchase electricity for periods of up to 20 years. The contracts have different ending dates and the two major contracts with greatest installed capacity will end in 2020 and 2027.

The minimum energy and capacity payment in 2015 is estimated at Rs 5,348 M.

The outstanding balance in respect of irrevocable letters of credit amounted to Rs 126.1 M as at 31<sup>st</sup> December 2014.

## 25. PROVISIONS

|                                   | Passage Benefits  | Vacation Leave    | Sick Leave        | Back Pay Appanna   | Total              |
|-----------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
|                                   | Rs                | Rs                | Rs                | Rs                 | Rs                 |
| Carrying Amount as at 01 January  | 91,805,770        | 132,940,348       | 31,362,260        | 190,573,257        | 446,681,635        |
| Additional Provision              | 41,774,537        | 91,421,878        | 33,158,231        | 37,396,849         | 203,751,495        |
| Amount utilised during the year   | (31,094,774)      | (23,037,767)      | (15,985,060)      | (90,000,000)       | (160,117,602)      |
| Carrying amount as at 31 December | 102,485,533       | 201,324,459       | 48,535,431        | 137,970,106        | 490,315,529        |
| <b>Within 1 year</b>              | <b>34,712,028</b> | <b>34,888,325</b> | <b>24,738,070</b> | <b>137,970,106</b> | <b>232,308,529</b> |

## 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

### Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity are disclosed in note 2 to the financial statements.

### Categories and Classification of Financial Instruments

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

|                        | Note | 2014                |                    |                             |                   | 2013                |                    |                             |                   |
|------------------------|------|---------------------|--------------------|-----------------------------|-------------------|---------------------|--------------------|-----------------------------|-------------------|
|                        |      | Loans & Receivables | Available for Sale | Other Financial Liabilities | Carrying Amount   | Loans & Receivables | Available for Sale | Other Financial Liabilities | Carrying Amount   |
|                        |      | Rs'000              | Rs'000             | Rs'000                      | Rs'000            | Rs'000              | Rs'000             | Rs'000                      | Rs'000            |
| Financial Assets       |      |                     |                    |                             |                   |                     |                    |                             |                   |
| Cash & cash equivalent | 9    | 1,051,626           |                    |                             | 1,051,626         | 915,388             |                    |                             | 915,388           |
| Receivables            | 7&8  | 3,028,974           |                    |                             | 3,028,974         | 2,812,904           |                    |                             | 2,812,904         |
| Other Financial Asset  | 4    |                     | 1,000              |                             | 1,000             |                     | 1,000              |                             | 1,000             |
|                        |      |                     |                    |                             | 0                 |                     |                    |                             | 0                 |
| Financial Liabilities  |      |                     |                    |                             | 0                 |                     |                    |                             | 0                 |
| Payables               | 14   |                     |                    | 3,344,603                   | 3,344,603         |                     |                    | 3,507,019                   | 3,507,019         |
| Short term borrowings  | 9    |                     |                    | 156,915                     | 156,915           |                     |                    | 519,303                     | 519,303           |
| Borrowings             | 11   |                     |                    | 6,190,458                   | 6,190,458         |                     |                    | 7,239,885                   | 7,239,885         |
|                        |      | <b>4,080,600</b>    | <b>1,000</b>       | <b>9,691,976</b>            | <b>13,773,576</b> | <b>3,728,292</b>    | <b>1,000</b>       | <b>11,266,207</b>           | <b>14,995,499</b> |

The carrying amounts of the financial instruments are either the fair value or approximate fair value.



The fair values of financial assets and financial liabilities are determined as follows:

- (a) The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices
- (b) The fair value of other financial assets and financial liabilities is determined in accordance with generally acceptable pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

### **Financial Risk Management Objectives**

A Treasury Section has been set up within the Finance Department since 2006 with a view to ascertaining that the CEB is adequately equipped in mitigating risks that are inherent in an ever-changing environment. The CEB's Treasury co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of CEB through internal risk reports which analyse exposures by degree and magnitude of risks. It focuses on the mitigation of financial risk through the use of financial instruments while continuously managing the cash flow efficiently.

It is the Chief Financial Officer (CFO) who oversees the management of business risks with the assistance of the Treasury Section. Market risk (including currency risk and interest rate risk), credit risk and liquidity risk are monitored repeatedly to ensure that these risks are adequately dealt with in accordance with the appropriate policies and procedures set up by the CEB.

The whole process falls under the scrutiny of the Risk and Audit Committee, a subcommittee of the Board.

### **Market Risk**

The CEB is primarily exposed to the financial risks arising from natural business exposures such as changes in foreign currency exchange rates and interest rate risks.

Exposure to interest rate and foreign currency risk is managed through market intelligence, currency purchases on both spot and forward basis and sensitivity analysis.

Currently, the CEB does not utilise any financial or derivative instruments for hedging its financial risks.

### **Foreign Currency Risk**

A large portion of the CEB's operational costs such as the costs of spares, equipment and fuel oil supplies and finance costs is in foreign currency and the major currencies in which these costs are incurred are Euros and the US dollars.

The CEB is therefore exposed to the risk that the exchange rate of the Mauritian rupee relative to these currencies may change in a manner which has a material effect on the reported values of the assets and liabilities.

The carrying amounts of CEB's foreign currency denominated monetary assets and monetary liabilities at reporting date are as follows:

|              | LIABILITIES      |                  | ASSETS         |                |
|--------------|------------------|------------------|----------------|----------------|
|              | 2014             | 2013             | 2014           | 2013           |
|              | Rs'000           | Rs'000           | Rs'000         | Rs'000         |
| EURO         | 3,477,352        | 4,195,440        | 142,850        | 52,174         |
| USD          | 138,052          | 151,921          | 96,720         | 220,030        |
| <b>TOTAL</b> | <b>3,615,405</b> | <b>4,347,361</b> | <b>239,570</b> | <b>272,204</b> |

There were no material monetary assets and liabilities in other foreign currencies.

### Foreign Currency Sensitivity Analysis

CEB is mainly exposed to fluctuations in the exchange rates of the Euro and the USD. The table below, details the sensitivity to a 5% increase and decrease in the MUR against the EURO and the USD. The sensitivity rate of 5% has been chosen because it represents management's assessment of the reasonably possible variation in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

| Foreign Exchange Risk (5%)       |           |                |                  |
|----------------------------------|-----------|----------------|------------------|
| CARRYING AMOUNT                  |           | PROFIT         |                  |
|                                  |           | 5%             | -5%              |
| Rs'000                           |           | Rs'000         | Rs'000           |
| Financial Assets                 |           |                |                  |
|                                  | Rs        | Rs             | Rs               |
| EURO                             | 142,850   | 7,143          | (7,143)          |
| USD                              | 96,720    | 4,836          | (4,836)          |
| Financial Liabilities            |           |                |                  |
| EURO                             | 3,477,352 | 173,868        | (173,868)        |
| USD                              | 138,052   | 6,903          | 6,903            |
| <b>TOTAL Increase / Decrease</b> |           | <b>192,749</b> | <b>(192,749)</b> |

### Interest Rate Risk

CEB is exposed to interest rate risk, as it has to borrow funds at both fixed and floating interest rates.

The currency profile of CEB's borrowings and their effective interest rates are summarised below:

| Borrowings 2014             |                  |       |                        | Borrowings 2013  |      |                        |
|-----------------------------|------------------|-------|------------------------|------------------|------|------------------------|
| Currency                    | Rs'000           | %     | Interest Rates [% p.a] | Rs'000           | %    | Interest Rates [% p.a] |
| MUR                         | 2,575,053        | 41.60 | 0-7.15                 | 2,929,608        | 40.5 | 0-10                   |
| USD-Fixed Interest Rate     | 138,052          | 2.22  | 3                      | 151,540          | 2.1  | 3                      |
| EURO-Fixed Interest Rate    | 52,993           | 0.86  | 2-3                    | 76,290           | 1.1  | 2-3                    |
| EURO-Floating Interest Rate | 3,424,359        | 55.32 | Euribor+0.2-1.5        | 4,082,447        | 56.4 | Euribor+0.2-1.5        |
|                             | <b>6,190,458</b> |       |                        | <b>7,239,885</b> |      |                        |

### Interest Rate Sensitivity Analysis

CEB is mainly exposed to fluctuations in the movement of interest rates in MUR and EURO. The table below, details the sensitivity to a 1% increase and decrease in the rate of interest of MUR borrowings and a +50bp/-50bp in the interest rate of Euro borrowings.

These sensitivity rates have been chosen because it represents management's best estimates of the possible change in the respective interest rates and the analysis includes only some outstanding financial liabilities as at 31 December 2014.

|                                 |           | Interest Rate Risk |          |        |          |        |
|---------------------------------|-----------|--------------------|----------|--------|----------|--------|
|                                 |           | Carrying Amount    | Profit   |        |          |        |
|                                 |           |                    | 1%       | -1%    | +50/bp   | -50/bp |
| Rs'000                          |           | Rs'000             | Rs'000   | Rs'000 | Rs'000   |        |
| Borrowings                      |           |                    |          |        |          |        |
| - MUR                           | 2,575,053 | 25,751             | (25,751) |        |          |        |
| - EURO (Floating Interest Rate) | 3,424,359 |                    |          | 17,122 | (17,122) |        |
| TOTAL Increase / (Decrease)     |           | 25,751             | (25,751) | 17,122 | (17,122) |        |

### Credit Risk

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to CEB. The CEB does not have a significant concentration of credit risks; its credit risk is primarily attributed to trade receivables.

CEB has a credit policy that is designed to ensure that consistent processes are in place throughout the organisation to measure and control credit risk. CEB attempts to mitigate credit risk by charging a 5% surcharge on invoices that are not settled within the due dates. All CEB customers provide a cash deposit, based on the load connected and tariff, as security deposit and the electricity supply is disconnected in case of non-payment. In normal circumstances, the CEB has recourse to disconnection of supply to ensure prompt settlement of overdue electricity bills. The supply of electricity to Commercial and Industrial customers is automatically identified for disconnection if any amount remains outstanding two months after consumption and the corresponding period for Domestic Customers is three months after consumption. If the debt remains unsettled 15 days after physical disconnection of supply the electricity account is closed, the under-mentioned exercise is followed in order to recover outstanding debts.

- One month after closure of accounts, reminders are sent to those debtors.
- After an additional period of one month, unsettled cases are referred to a Solicitor for judicial recovery.

CEB does not typically renegotiate the terms of trade receivables; however, if a renegotiation does take, the outstanding balance is included in the analysis based on the original payments terms. There were no significant renegotiated balances outstanding at 31 December 2014 or 31 December 2013.

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

As at 31 December 2014, the maximum credit exposure was Rs 2,445.1 M, as analyzed below:

| Trade Receivables as at 31 December          | Note | 2014          | 2013          |
|--|------|---------------|---------------|
|  |      | Rs M          | Rs M          |
| Debtors for invoicing made in Jan & Feb 2015 | (a)  | 1407          | 1368          |
| Within 30 days                               |      | 528.7         | 592.9         |
| 31-60 days                                   |      | 153.4         | 120.7         |
| 61-90 days                                   |      | 54.8          | 49.3          |
| More than 90 days                            | (b)  | 301.2         | 293.8         |
| <b>Total</b>                                 |      | <b>2445.1</b> | <b>2424.7</b> |

(a) Sales for December 2014 are invoiced and delivered to customers in 2015.

(b) The amounts include cases of underbilling which have not yet been paid.

### Liquidity Risk

Liquidity risk refers to the possibility of default by the CEB because of unavailability of funds to meet both its operational and capital requirements.

In order to manage this risk, short-term, medium-term and long-term cash flow forecasts are regularly prepared and this ensures that proactive action is taken to ensure that funds are always available to meet the organisation's obligations. This is achieved through the efficient maintenance and management of various credit line facilities.

## 27. CAPITAL COMMITMENTS

|  | 2014  | 2013  |
|--|-------|-------|
|  | Rs M  | Rs M  |
| Capital Expenditure committed in relation to the acquisition of property, plant and equipment. | 2,359 | 2,273 |

At 31 December 2014, the CEB had capital commitments of Rs 2,359 million in respect of acquisition of property, plant and equipment. The CEB's management is confident that future revenue and funding will be sufficient to cover this commitment.

## 28. CONTINGENT LIABILITY

Following the ruling of the Privy Council in the case of Compact Fluorescent Lamps (CFL), the board was willing to pay Rs 23 million to the bank that issued the letter of credit as guarantor, provided that compliant documents were submitted and to which, the bank replied that if no payment was made by 15 July 2015, it would initiate legal action against CEB.

The concerned contractor for the supply of the CFL was claiming damages to the tune of Rs 480 million in respect of alleged damages.

No provision has been made for this in the financial statements as the management of CEB do not consider that there is any probable loss.

## SCHEDULE A

### INCOME FROM SALES OF ELECTRICITY (MAURITIUS) YEAR 2014

| TARIFF                                | UNIT SOLD<br>(kWh)   | REVENUE<br>(Rs)       | AVERAGE SELLING PRICE<br>PER UNIT (Rs) |
|---------------------------------------|----------------------|-----------------------|--|
| <b>DOMESTIC</b>                       |                      |                       |  |
| 110                                   | 203,778,696          | 1,090,864,865         | 5.353                                  |
| 110A                                  | 3,818,680            | 12,354,397            | 3.235                                  |
| 120                                   | 430,066,291          | 2,435,982,423         | 5.664                                  |
| 140                                   | 151,179,149          | 1,010,200,410         | 6.682                                  |
| <b>SUB-TOTAL</b>                      | <b>788,842,816</b>   | <b>4,549,402,094</b>  | <b>5.767</b>                           |
| <b>COMMERCIAL</b>                     |                      | -                     |  |
| 215                                   | 176,731,990          | 1,810,717,728         | 10.246                                 |
| 217                                   | 367,081,363          | 2,558,863,030         | 6.971                                  |
| 225                                   | 315,529,976          | 2,011,422,233         | 6.375                                  |
| 245                                   | 474,080              | 2,888,117             | 6.092                                  |
| 250                                   | 24,251,368           | 96,795,056            | 3.991                                  |
| <b>SUB-TOTAL</b>                      | <b>884,068,777</b>   | <b>6,480,686,165</b>  | <b>7.331</b>                           |
| <b>INDUSTRIAL</b>                     |                      | -                     |  |
| 315                                   | 27,980,372           | 156,022,583           | 5.576                                  |
| 313                                   | 246,743,503          | 950,775,822           | 3.853                                  |
| 317                                   | 73,827,980           | 248,914,797           | 3.372                                  |
| 320                                   | 1,141,088            | 3,887,644             | 3.407                                  |
| 323                                   | 123,218,372          | 437,531,896           | 3.551                                  |
| 325                                   | 146,650,040          | 408,222,342           | 2.784                                  |
| 330                                   | 13,893,692           | 41,586,271            | 2.993                                  |
| 340                                   | 9,919,000            | 40,715,810            | 4.105                                  |
| 350                                   | 39,609,085           | 154,585,247           | 3.903                                  |
| 421                                   | 3,094,917            | 16,279,624            | 5.260                                  |
| 422                                   | -                    | -                     | -                                      |
| <b>SUB-TOTAL</b>                      | <b>686,078,049</b>   | <b>2,458,522,037</b>  | <b>3.583</b>                           |
| <b>INDUSTRIAL<br/>(IRRIGATION)</b>    |                      | -                     |  |
| 515                                   | 26,616,657           | 75,142,977            | 2.823                                  |
| <b>STREET LIGHTING</b>                |                      | -                     |  |
| 510                                   | 27,588,395           | 215,827,311           | 7.823                                  |
| <b>TEMP. SUPPLY</b>                   |                      | -                     |  |
| 610                                   | 313,729              | 3,918,563             | 12.490                                 |
| <b>SPECIAL AND<br/>NON-CLASSIFIED</b> | <b>8,081,404</b>     | <b>60,129,521</b>     | <b>7.440</b>                           |
| <b>TOTAL</b>                          | <b>2,421,589,828</b> | <b>13,843,628,667</b> | <b>5.717</b>                           |



## SCHEDULE B

### ANALYSIS OF REVENUE EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

| GENERATION COSTS &<br>PURCHASE OF ELECTRICITY   |               | 2014 (Rs)             |  | 2013 (Rs)             |
|---|---------------|-----------------------|--|-----------------------|
| Generation Expenses (Hydro)                     | 71,395,682    |                       |  | 64,477,341            |
| Direct Overheads (Hydro)                        | 155,267,241   |                       |  | 140,221,629           |
| Generation Expenses (Thermal)                   | 4,446,529,377 |                       |  | 4,692,880,087         |
| Direct Overheads (Thermal)                      | 419,366,360   |                       |  | 378,729,176           |
| Purchase of Electricity - Coal                  | 3,791,276,485 |                       |  | 3,752,712,198         |
| Purchase of Electricity - Bagasse               | 926,312,949   |                       |  | 930,907,909           |
| Purchase of Electricity - Landfill Gas          | 105,138,345   |                       |  | 96,917,288            |
| Purchase of Electricity - Solar PV              | 123,766,598   |                       |  |                       |
| Purchase of Electricity - Wind Farm             | 590,642       |                       |  |                       |
| <b>TOTAL GENERATION COSTS</b>                   |               | <b>10,039,643,680</b> |  | <b>10,056,845,628</b> |
| <b>DISTRIBUTION COSTS</b>                       |               |                       |  |                       |
| Distribution Expenses                           | 265,112,026   |                       |  | 159,811,268           |
| Contractors Fees                                | 107,076,101   |                       |  | 132,944,813           |
| Salaries and Related Expenses                   | 717,330,894   |                       |  | 650,709,852           |
| <b>TOTAL DISTRIBUTION COSTS</b>                 |               | <b>1,089,519,021</b>  |  | <b>943,465,932</b>    |
| <b>ADMINISTRATIVE EXPENSES</b>                  |               |                       |  |                       |
| Administrative Expenses                         | 717,802,395   |                       |  | 720,428,120           |
| Pension Obligations                             | 269,606,000   |                       |  | (46,221,000)          |
| Audit Fees                                      | 600,000       |                       |  | 600,000               |
| Directors Fees                                  | 3,955,467     |                       |  | 1,406,602             |
| Bank Charges                                    | 2,151,285     |                       |  | 8,590,895             |
| Legal & Professional Expenses                   | 13,932,505    |                       |  | 15,902,372            |
| Bad Debts & Impairment of Trade Debtors         | 32,442,106    |                       |  | 12,793,542            |
| Provision for Sick Leave                        | 17,173,171    |                       |  | 31,362,260            |
| Provision for Back Pay                          | 26,557,692    |                       |  | 90,000,000            |
| Provision for Passage Benefits                  | 4,248,717     |                       |  | 33,220,268            |
| Provision for Vacation Leave                    | 1,619,289     |                       |  | 63,797,614            |
| <b>TOTAL ADMINISTRATIVE EXPENSES</b>            |               | <b>1,090,088,628</b>  |  | <b>931,880,674</b>    |
| <b>FINANCIAL</b>                                |               |                       |  |                       |
| Net Interest on Loans                           | 224,520,508   |                       |  | 192,959,141           |
| Net Interest on Overdraft                       | 3,223,113     |                       |  | 25,228,146            |
| Interest on Bank deposits                       |               |                       |  |                       |
| <b>DEPRECIATION OF ASSETS</b>                   |               | <b>227,743,620</b>    |  | <b>218,187,287</b>    |
| Generation Assets                               | 768,895,798   |                       |  | 747,033,746           |
| Distribution Assets                             | 438,964,534   |                       |  | 427,781,850           |
| Building and Other Assets                       | 88,795,336    |                       |  | 96,164,502            |
|   |               | 1,296,655,668         |  | 1,270,980,098         |
| <b>TOTAL REVENUE EXPENDITURE AND PROVISIONS</b> |               | <b>13,743,650,617</b> |  | <b>13,421,359,619</b> |

## SCHEDULE C

### DEPRECIATION OF ASSETS FOR THE YEAR ENDED 31 DECEMBER 2014

|  | AMOUNT (Rs) | AMOUNT (Rs)          |
|--|-------------|----------------------|
| <b>GENERATION ASSETS</b>                 |             |                      |
| Thermal Power Station                    | 602,730,743 |                      |
| Hydro Power Station                      | 163,692,839 |                      |
| Wind Park                                | 2,881,362   |                      |
|  |             | 769,304,944          |
| <b>TRANSMISSION ASSETS</b>               |             |                      |
| Transmission Network                     | 31,600,755  |                      |
| Major Substation                         | 90,438,000  |                      |
| System Control                           | 15,401,835  |                      |
|  |             | 137,440,590          |
| <b>DISTRIBUTION ASSETS</b>               |             |                      |
| Distribution Networks                    | 301,114,798 | 301,114,798          |
| <b>LAND , BUILDINGS AND OTHER ASSETS</b> |             |                      |
| Buildings                                | 9,707,224   |                      |
| Furniture and Office Equipment           | 4,508,789   |                      |
| Motor Vehicles                           | 19,930,649  |                      |
| Computer Equipment                       | 42,948,603  |                      |
| Tools & Instruments                      | 11,700,076  |                      |
|  |             | 88,795,339           |
| <b>TOTAL</b>                             |             | <b>1,296,655,672</b> |

## SCHEDULE D

### SELECTED STATISTICAL DATA FOR THE YEAR ENDED 31 DECEMBER 2014

|   | 2014           |                       | 2013         |                       |
|---|----------------|-----------------------|--------------|-----------------------|
|   | % OF REVENUE   | Rs                    | % OF REVENUE | Rs                    |
| <b>During the year ended 31 December REVENUE AROSE FROM:</b>                                |                |                       |              |                       |
| 1 . Sales of electricity  | 94.73%         | 14,040,453,161        | 94.61%       | 13,620,322,883        |
| 2 . Meter rent  | 0.49%          | 73,176,661            | 0.49%        | 71,007,125            |
| 3 . Miscellaneous income  | 1.36%          | 201,199,826           | 2.01%        | 272,733,676           |
| 4 . Amortisation of grants  | 3.42%          | 506,345,807           | 3.18%        | 432,372,900           |
| <b>5 . Making a total turnover of</b>   | <b>100.00%</b> | <b>14,821,175,455</b> | <b>100%</b>  | <b>14,396,436,584</b> |
| 6 . Expenditure on generation, transmission and distribution, and administration aggregated | 82.44%         | 12,219,300,269        | 83.16%       | 11,972,201,152        |
| 7 . Balance before depreciation and interest  | 17.56%         | 2,601,924,130         | 16.84%       | 2,424,235,432         |
| 8 . Depreciation of fixed assets  | 8.75%          | 1,296,655,672         | 8.83%        | 1,270,980,098         |
| 9 . Balance after depreciation  | 8.81%          | 1,305,268,459         | 8.01%        | 1,153,255,334         |
| 10 . Interest on loans & Gain / Loss on Exchange  | -0.88%         | (130,269,567)         | 1.24%        | 178,178,369           |
| <b>11 . Net Surplus for the year</b>  | <b>9.69%</b>   | <b>1,435,538,026</b>  | <b>6.77%</b> | <b>975,076,965</b>    |
| <b>OTHER DATA</b>   |                |                       |              |                       |
| 12 . Sales (GWh)  |                | 2,452.20              |              | 2,384.14              |
| 13 . Maximum effective capacity at year-end (MW)  |                | 680.64                |              | 671.36                |
| 14 . Peak demand (MW)   |                | 446.20                |              | 441.13                |
| 15 . Average selling price (Rs/kWh)   |                | 5.73                  |              | 5.70                  |
| 16 . Net loan indebtedness/ Total capitalization  |                | 0.31                  |              | 0.35                  |
| 17 . Coverage of interest (times)   |                | 7.30                  |              | 6.18                  |
| 18 . Return (PBIT) on average net fixed assets in operation (%)                             |                | 7.81%                 |              | 5%                    |
| 19 . Debt service coverage (times)  |                | 1.37                  |              | 1.45                  |
| 20 . Operating ratio (%)  |                | 93.61%                |              | 91.89%                |

## SCHEDULE E

### FINANCIAL STATISTICS OVER TEN YEARS

| FINANCIAL YEAR ENDED 31 DECEMBER  |             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             |
|---|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1. Units exported during the year (Mtus)  | GWh         | 1,970.00         | 2,051.00         | 2,160.00         | 2,240.8          | 2,237.53         | 2,337.99         | 2,391.60         | 2,454.8          | 2,537.50         | 2,602.20         |
| 2. Units sold during the year (Mtus)  | GWh         | 1,775.50         | 1,879.00         | 1,975.00         | 2,054.00         | 2,069.23         | 2,173.91         | 2,228.23         | 2,266.8          | 2,354.93         | 2,421.0          |
| 3. Losses (Mtus)  | GWh         | 194.50           | 172.00           | 185.00           | 186.8            | 168.30           | 164.08           | 163.37           | 188.0            | 182.57           | 181.2            |
| 4. Number of consumers at 31st December   | Thousand    | 368.30           | 376.60           | 385.30           | 394.12           | 400.45           | 408.87           | 415.53           | 425.22           | 435.36           | 443.64           |
| 5. <b>INCOME / REVENUE</b>  |             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Sales of electricity  | Rs Millions | 5,771.70         | 6,769.94         | 7,513.86         | 10,063.47        | 10,664.12        | 11,544.93        | 12,708.63        | 13,230.10        | 13,620.32        | 14,040.45        |
| Rental of meters  | Rs Millions | 24.60            | 28.33            | 29.60            | 60.73            | 62.70            | 64.46            | 66.62            | 68.93            | 71.01            | 73.18            |
| Miscellaneous   | Rs Millions | 242.60           | 271.53           | 302.63           | 429.57           | 430.60           | 421.75           | 473.63           | 581.04           | 665.10           | 707.55           |
| <b>TOTAL</b>  |             | <b>6,038.90</b>  | <b>7,069.80</b>  | <b>7,846.09</b>  | <b>10,553.77</b> | <b>11,157.42</b> | <b>12,031.14</b> | <b>13,248.88</b> | <b>13,880.07</b> | <b>14,356.43</b> | <b>14,821.18</b> |
| 6. <b>EXPENDITURE</b>   |             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Generation costs  | Rs Millions | 2,305.30         | 2,777.49         | 2,695.38         | 3,329.86         | 3,170.70         | 3,912.06         | 4,868.40         | 5,525.69         | 5,276.31         | 5,092.56         |
| Purchase of electricity   | Rs Millions | 2,054.20         | 2,636.44         | 3,397.29         | 4,771.61         | 4,528.39         | 4,779.68         | 5,101.05         | 5,159.11         | 4,780.54         | 4,947.09         |
| Distribution costs  | Rs Millions | 535.70           | 595.20           | 581.88           | 662.96           | 542.22           | 667.13           | 644.13           | 668.61           | 943.47           | 1,089.52         |
| Depreciation of Generation, Transmission and distribution assets  | Rs Millions | 844.00           | 849.71           | 773.64           | 926.94           | 937.42           | 914.18           | 705.75           | 1,165.92         | 1,270.98         | 1,296.66         |
| <b>TOTAL</b>  |             | <b>5,739.20</b>  | <b>6,858.84</b>  | <b>7,448.19</b>  | <b>9,691.37</b>  | <b>9,178.74</b>  | <b>10,273.06</b> | <b>11,319.33</b> | <b>12,519.32</b> | <b>12,271.29</b> | <b>12,425.82</b> |
| 7. <b>GROSS OPERATING SURPLUS</b>   |             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 8.(a) Administration, Establishment & Other Costs incl. Additional depreciation in respect of revaluation | Rs Millions | 299.70           | 210.95           | 397.90           | 862.40           | 1,978.69         | 1,758.07         | 1,929.55         | 1,360.75         | 2,085.14         | 2,395.36         |
| (b) (Gain)/Loss on Exchange   | Rs Millions | 364.19           | 325.08           | 384.54           | 483.43           | 849.99           | 844.71           | 51.90            | 791.73           | 931.89           | 1,090.09         |
| (c) Interest on Loan & Overdraft  | Rs Millions | (28.20)          | 582.30           | (283.01)         | 313.64           | (266.08)         | (251.89)         | (346.70)         | 92.82            | (40.01)          | (358.01)         |
|   | Rs Millions | 285.90           | 410.43           | 453.18           | 446.15           | 360.24           | 292.40           | 294.80           | 379.39           | 218.19           | 227.74           |
| 9. <b>RETAINED PROFIT (LOSS)</b>  |             | (322.19)         | (1,106.85)       | (156.80)         | (380.82)         | 1,034.54         | 872.86           | 1,929.55         | 96.81            | 975.08           | 1435.54          |
| 10. <b>NET ASSETS</b>   |             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Fixed Assets less Depreciation  | Rs Millions | 13,295.90        | 12,986.99        | 15,576.03        | 15,159.67        | 15,541.96        | 16,610.73        | 21,020.18        | 21,842.30        | 21,447.13        | 21,164.88        |
| Current Assets less Current Liabilities   | Rs Millions | (1,016.21)       | (1,617.59)       | (1,824.29)       | (2,303.87)       | (730.91)         | (1.37)           | 714.79           | 575.55           | 1,300.09         | 2,312.74         |
| <b>TOTAL</b>  |             | <b>12,279.69</b> | <b>11,369.41</b> | <b>13,751.74</b> | <b>12,855.80</b> | <b>14,811.06</b> | <b>16,609.36</b> | <b>21,734.97</b> | <b>22,417.85</b> | <b>22,747.22</b> | <b>23,477.63</b> |
| 11. Net Capital Expenditure for year  | Rs Millions | 1,357.63         | 540.84           | 373.94           | 510.32           | 1,319.72         | 1,999.19         | 2,637.72         | 1,988.04         | 875.80           | 815.92           |
| 12. <b>Financed by</b>  |             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Outside Sources   | Rs Millions | 1,094.79         | 221.30           | 128.50           | 128.50           | 710.91           | 1,294.57         | 2,417.31         | 1,876.95         | 230.72           | 205.33           |
| Internal Sources  | Rs Millions | 262.80           | 319.54           | 245.44           | 381.82           | 608.81           | 704.62           | 220.42           | 111.09           | 645.08           | 610.59           |
| 13. Gross Operating Surplus to Net Assets   | %           | 2.44             | 1.86             | 2.89             | 6.71             | 13.36            | 10.58            | 8.88             | 6.07             | 9.17             | 10.20            |
| 14. Gross Operating Surplus to Turnover   | %           | 5.17             | 3.10             | 5.27             | 8.52             | 18.45            | 15.14            | 15.10            | 10.23            | 15.23            | 16.97            |
| 15. Net Profit or (loss) to Turnover  | %           | -5.56            | -16.28           | (2.08)           | (3.76)           | 9.64             | 7.52             | 15.10            | 0.73             | 7.12             | 10.17            |
| 16. Generation & Purchase Cost (excl dep) to Turnover   | %           | 44.68            | 79.64            | 80.77            | 80.02            | 71.77            | 74.87            | 78.04            | 80.34            | 73.45            | 71.13            |
| 17. Transmission and Distribution Cost to Turnover  | %           | 9.24             | 8.76             | 7.71             | 6.55             | 5.05             | 5.75             | 5.04             | 5.03             | 6.89             | 7.72             |
| 18. Depreciation of Generation Transmission & Distribution Asset to Turnover                              | %           | 14.56            | 12.50            | 10.26            | 9.16             | 8.74             | 7.87             | 5.52             | 8.77             | 9.28             | 9.19             |
| 19. Admin, Establishment & other costs to turnover  | %           | 6.28             | 4.78             | 5.10             | 4.78             | 7.92             | 7.28             | 0.41             | 5.95             | 6.81             | 7.72             |
| 20. Interest on Loans / Overdraft to Turnover   | %           | 4.39             | 4.83             | 4.65             | 3.28             | 2.71             | 2.52             | 2.31             | 2.85             | 1.59             | 1.61             |
| 21. Net Return on Average Net Fixed Assets in operation   | %           | -2.59            | -8.42            | (1.10)           | (2.48)           | 6.74             | 5.43             | 10.26            | 0.45             | 4.50             | 6.74             |
| 22. Units lost to Units exported  | %           | 9.87             | 8.39             | 8.56             | 9.48             | 7.52             | 7.02             | 6.83             | 9.15             | 7.19             | 6.94             |

[illegible]







**CENTRAL ELECTRICITY BOARD**

Corporate Office

PO Box 134, Rue du Savoir, Cyber City, Ebène, Mauritius

Tel : (230) 404 2000 - Fax : (230) 454 7630 / 7632

Email : [ceb@intnet.mu](mailto:ceb@intnet.mu)

[www.ceb.intnet.mu](http://www.ceb.intnet.mu)