



## GENERAL MANAGER'S REVIEW

### OVERVIEW

It is a privilege for me to present the Annual report and Accounts of the Central Electricity Board (CEB) for the year ended 31 December 2010.

As the sole provider of electricity in Mauritius, the CEB's contribution may be the most significant of all towards supporting the economic growth of the country. We understand that our competitiveness as a nation, which is ultimately our most important variable in creating sustainable jobs, exports and growth, greatly depends on the availability and the pricing of electricity - which is yet another reason for the heightened sense of mission that has characterised our activities over the year 2010.

### FINANCIAL PERFORMANCE

The financial health of the CEB has always been of paramount importance. We are well aware of how important it is for an organisation, which offers a critical service to the nation, to be financially sound and capable of supporting itself. Our aim is to achieve a proper balance between providing a reliable and affordable service, and consolidating a stable and financially sound organisation.

I wish to report that the CEB ended the year 2010 with a net profit of Rs 872.9 M, compared to a net profit of Rs 1,035 M for the preceding period. As regards our liquidity position, there was a marked improvement, with an overdraft of Rs 527 M, as against some Rs 864 M as at 31 December 2009.

We have, thus, been able to achieve profitability during the past two years after a long period marked by a financial downturn, due not

only to favourable macroeconomic conditions, but also to the various reform measures implemented at organisational level. However, we should always exercise great caution in the management of our finances as our costs of production and our overall costs of sales hinge on elements over which we have little control. This reality is compounded by a sizeable finance cost component which has to be commensurate with our significant investment needs. I am here alluding particularly to energy generation projects which, by their very nature, necessitate large amounts of funds.

Our ultimate aim is to achieve a lasting financial turn-around and, in this respect, it is hoped that a greater stability in the prices of our primary energy sources will prevail, in the short to medium term.

### OPENING UP OF THE ELECTRICITY GENERATION SECTOR

With a view to promoting clean energy, and in line with its vision of opening up the electricity generation sector, the CEB, in collaboration with the Ministry of Energy and Public Utilities, launched the Small Scale Distributed Generation (SSDG) project on 9 December 2010 for a total capacity of 2 MW. Through the SSDG Project, Small Independent Power Producers (SIPPs) have been given the opportunity to produce their own electricity from renewable sources, and export any surplus to the electricity grid.

For this project to be technically feasible, a Grid Code has been established to allow the integration of photovoltaic, wind turbine, and mini-hydro technologies within the electricity grid. The Grid Code defines all the requirements relevant to the performance, operation, testing, safety, and maintenance of distributed generators connected to CEB's

low voltage (LV) network. It also sets out the rights, responsibilities and conduct of all parties intent on accessing the power system by producing electricity on Small Scale Distributed Generators. Another crucial pre-condition to the success of this project has been the definition of attractive feed-in tariffs that will be paid to SIPPs for the energy exported to the grid.

At the CEB, we are fully committed to creating an enabling environment for a successful implementation of the SSDG project, despite the limited contribution of SIPPs to the overall energy generation. Through this initiative, which falls within the framework of the *Maurice Île Durable* vision, we are happy to lend full support to the Government in its endeavour to shape a sustainable energy future for the country. It is also worth noting that, while promoting the use of renewable energy and producing lower emissions, the SSDG project has the potential to create greater awareness in the nation of the need for a judicious use of electricity. Urging customers to produce their own power implies that they are more likely to use it efficiently themselves, thereby helping to create a drive for energy saving among the population.

### MAINTAINING SUPPLY AND DIVERSIFICATION OF THE ENERGY MIX

A reliable, quality and affordable electricity supply is, without doubt, an essential condition for the continued growth and development of Mauritius. Failure to achieve enough supply will leave the population stranded in energy poverty and unable to progress. In a similar vein, the Government's plan for economic development relies on investments by energy-intensive industries. Continued pressure on supply is therefore inevitable.

It is CEB's mission to ensure that it can provide sufficient power, in a timely manner, to meet the rising demand. In pursuance of this objective, our main challenge remains the diversification of the energy mix as well as the reduction of our reliance on fossil fuels. These concerns are the very cornerstone of CEB's long-term strategies and will pave the way for development in the years to come.

During the period under review, a great deal of emphasis was placed on the exploitation of renewable energy sources, in line with the *Maurice Île Durable* vision. Many renewable energy projects were either initiated or completed with a view to increasing our renewable energy usage. In this respect, a new hydro power station, with a capacity of 350 kW, was commissioned in September 2010 at La Nicolière Feeder Canal. A Head of Terms Agreement was also signed with Sotravic Ltée pertaining to the implementation of a Landfill Gas-to-Energy Project, with a capacity of 3 MW, at the Mare Chicose Sanitary Landfill Site.

Despite all our efforts to diversify the energy mix and promote the use of renewable energy, we shall, unfortunately, continue to depend on fossil fuels in the years to come, given the present state of technological development. This is, alas, an inescapable fact, but we must do our very best to reduce the negative impact of fossil fuels on the environment. The commissioning of Phase 1 of Fort Victoria Power Station Redevelopment in October 2010 was, undoubtedly, a significant step in this endeavour. In view of the increasing demand for energy and its imperatives, and also owing to the delay in the implementation of generation projects by private promoters, the need for new generation had become particularly urgent.

The new power plant at Fort Victoria was equipped with two Wart-sila generation sets, with a total capacity of 30 MW (2x15 MW). It is operated on a semi-mode basis and will, thus, provide the neces-

sary flexibility to meet load variation on the grid. It is worth noting that a number of environmental considerations were taken on board, while designing and constructing the new power station. I also wish to highlight that the redevelopment of Fort Victoria Power Station will accommodate one additional phase of future expansion, comprising the addition of four engines of 15 MW each. This will take the total capacity of the new power plant to 90 MW and will enable the CEB to safely cater for the projected growth in demand in the short-to-medium term.

### IMPROVING THE QUALITY OF SUPPLY

Various major projects were initiated or implemented during 2010 to improve the quality and reliability of supply. These included the construction of 66 kV lines in different parts of the island, as well as the refurbishment of existing 66 kV lines. In a similar vein, construction works at a number of new major 66 kV/22 kV substations were initiated or progressed satisfactorily during the period under review, namely, at Case Noyale, Jinfei, Anahita, La Tour Koenig, and Fort Victoria.

The CEB provided high-quality supply throughout the year, with the exception of the unfortunate general breakdown of 5 February 2010, when the whole island was deprived of electrical supply. The maximum power demand for the year reached 404.1 MW on Tuesday 2 March at 14.00 hours, representing an increase of nearly 4% on the previous year. As for the total energy generation, it reached 2,376 GWh, which represents an increase of 4.3% over 2010.

### DEMAND-SIDE MANAGEMENT

As a forward-looking utility, the CEB attaches great importance to energy saving and Demand-Side Management (DSM). During 2010, various policies and measures were implemented to control, influence and generally reduce electricity demand, while helping the country in the fight against climate change and greenhouse gas emissions. We also launched a media campaign on radio and TV to sensitise the population to the need to save energy by publicising a series of energy-saving tips.

We wish to highlight that we really value the support from, and partnership with, the Ministry of Energy and Public Utilities, and other stakeholders for this initiative. Everybody will concur that it is imperative that we all pull together as a nation to harness our collective power in saving energy.

### ENHANCING CUSTOMER SERVICES

In spite of the many challenges which we have to face, our customers always expect an improved and quality service at all levels. Several projects were launched to that effect during 2010, and we have devoted much time and energy to analysing how to improve further our services and better serve our customers.

In addition, we have pursued the renovation programme for our main customer service centres island-wide, while reviewing many of our business processes in order to enhance our customer service delivery and instil a strong customer service culture within the organisation.

At the same time, several Key Performance Indicators (KPIs) were monitored to keep track of our performance against set targets. Our aim is to improve continuously on these KPIs in our quest for excellence of service.

## VALUING OUR PEOPLE

Our employees are the guardians of the CEB's reputation, and our ability to deliver on our promises and meet customer expectations through continuously improved service depends on them.

During the year 2010, our corporate achievements were possible only because of the hard work and dedication of all those who work at the CEB, and I wish to thank them all. Supporting one another and working as a team will remain critical as we address the challenges ahead.

In the years to come, we shall continue to invest in the development of our human resources, while promoting a climate based on mutual trust and respect within the organisation. Our aim is to be acknowledged as an employer of choice and to create a working environment where all CEB employees feel that their contributions are recognised and valued, and where each and every one has the opportunity to develop and grow professionally.

## IN CONCLUSION

The CEB is busy re-organising itself to deliver on its mandate for the decades ahead. As we look forward, we are confident that we shall be able to build a sustainable energy future for Mauritius, whilst ensuring that the demand for reliable, affordable and environmentally sound energy is met in a timely manner.

Building on our solid human and organisational capabilities, we shall take further strides towards enhancing our standing as a prime facilitator and as a key player in the socio-economic development of the country.



**Shiam Krisht THANNOO**  
General Manager