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**REPORT OF THE  
DIRECTOR OF AUDIT**

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**On the Financial Statements  
of the Utility Regulatory Authority  
for the year ended 30 June 2021**

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**NATIONAL AUDIT OFFICE**

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# NATIONAL AUDIT OFFICE

## **REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE UTILITY REGULATORY AUTHORITY**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

I have audited the financial statements of the Utility Regulatory Authority, which comprise the statement of financial position as at 30 June 2021 and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget estimates and actual amount for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Utility Regulatory Authority as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

#### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the Utility Regulatory Authority in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report of the Utility Regulatory Authority, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSASs, 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.

In preparing the financial statements, management is responsible for assessing the Utility Regulatory Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Utility Regulatory Authority's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Utility Regulatory Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Utility Regulatory Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Utility Regulatory Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

### ***Management's Responsibilities for Compliance***

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Utility Regulatory Authority's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

### ***Auditor's Responsibilities***

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;

- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;
- (d) in my opinion, the Utility Regulatory Authority has been applying its resources and carrying out its operations fairly and economically; and
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

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

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

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

As far as it could be ascertained from my examination of the relevant records, no direction relating to the accounts has been issued by the responsible Minister to the Utility Regulatory Authority.

Based on my examination of the records of Utility Regulatory Authority, except for the matter reported below, nothing has come to my attention that causes me to believe that:

- (a) expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Utility Regulatory Authority has not applied its resources and carried out its operations fairly and economically.

#### ***Rental of Office Space***

In March 2020, the Authority leased additional office space of 358 m<sup>2</sup> that has remained unoccupied up to May 2021. The Authority decided to terminate the lease agreement in May 2021. A sum of Rs 3.9 million was incurred during the financial year 2020-21. The expenditure is of wasteful nature.

Except for the above, the Utility Regulatory Authority has complied with the Statutory Bodies (Accounts and Audit) Act in so far as it relates to the accounts.

#### ***Utility Regulatory Authority Act***

##### ***Universal Service Fund***

Contrary to section (18)(5) of Utility Regulatory Authority Act, no Universal Service Fund (USF) has been established by the Authority.

*Public Procurement Act*

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



**C. ROMOOAH**  
Director of Audit

National Audit Office  
Level 14,  
Air Mauritius Centre  
PORT LOUIS



## **ANNUAL REPORT**

**1<sup>ST</sup> JULY 2020 – 30<sup>TH</sup> JUNE 2021**

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## 1.0 URA OVERVIEW

In 2004, the Government of Mauritius approved the setting up of a Utility Regulatory Authority (URA) to regulate utility services, namely, the electricity, water and wastewater sectors.

The URA Act was enacted in November 2004 to set up the framework required for the URA to carry out its regulatory function. Pending proclamation on Water & Waste Water Regulation, the regulation of the electricity sector has been the URA's initial area of priority in the review period.

### VISION

"To be a responsible regulator for sustainable utilities"

### MISSION

"To promote:

- (a) Fair competition in the Utilities Sector
- (b) Utility consumer rights and awareness
- (c) Affordable and fair tariffs and premium quality services to all"

### VALUES

1. "Dedicated to teamwork and treating our internal and external stakeholders with due care and respect"
2. "Being honest, fair and ethical in all our actions"
3. "Innovation driven to sustain the regulated sectors"
4. "Being transparent and responsible for our actions"
5. "Demonstrating competence, expertise and independence in all our activities"

### MOTTO

"Leading in Utility Regulation"

## 2.0 OUR OBJECTS

**In accordance with Section 5 of the URA Act 2004 (as amended), the objects of the Authority shall be to:**

- (a) ensure the sustainability and viability of utility services;
- (b) protect the interests of both existing and future customers;
- (c) promote efficiency in both operations and capital investments in respect of utility services; and
- (d) promote competition to prevent unfair and anti-competitive practices in the utility services industry.

## 2.1 OUR FUNCTIONS

**In accordance with Section 6 of the URA Act 2004 (as amended), the powers and functions of the Authority shall be to:**

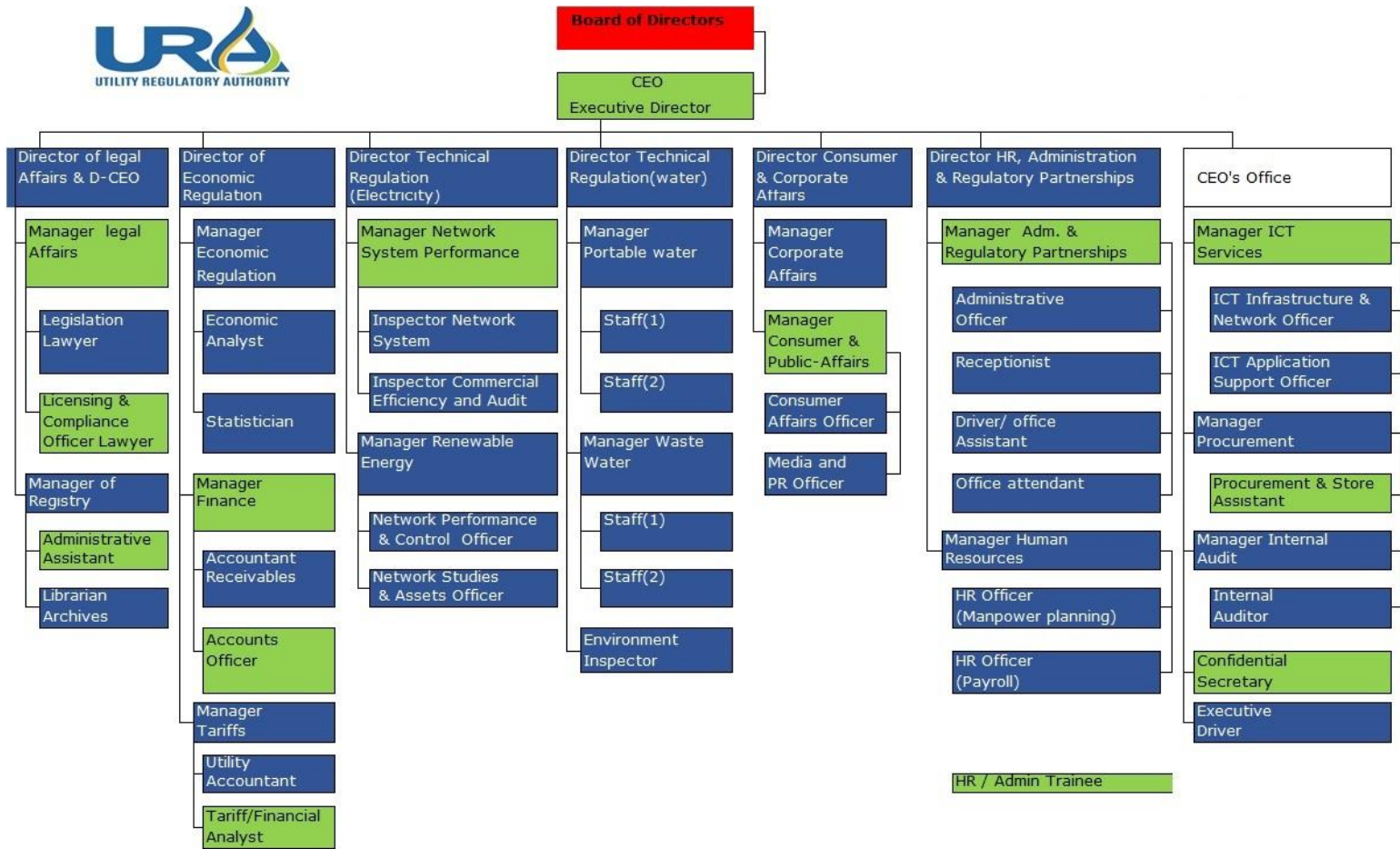
- (a) implement the policy of Government relating to applicable utility services;*
- (b) grant, vary and revoke licences in respect of a utility service;*
- (c) enforce the conditions laid down in an undertaking authorization;*
- (d) regulate tariffs and other charges levied by a licensee in accordance with any rules specified in the relevant Utility legislation;*
- (e) mediate or arbitrate disputes between a customer and a licensee, or between 2 or more licensees;*
- (f) determine whether a licensee has an obligation to extend a utility service to customers or to an area not adequately supplied with such utility service;*
- (g) establish an appropriate procedure for receiving and enquiring into complaints by customers in relation to any utility services; and*
- (h) establish and implement adequate systems for monitoring the compliance by licensees with standards and applicable regulations, and making such information publicly available.*
- (i) take measures for the better protection of customers in relation to any utility services;*
- (j) take measures to suppress any abusive, illegal or dishonourable practices in relation to any activity of a licensee;*
- (k) take measures and make recommendations to a licensee in respect of any Power Purchase Agreement which a licensee proposes to enter into; and*
- (l) examine and make recommendations to a licensee in respect of any management services contract, operation and maintenance contract or any other contract which a licensee proposes to enter into in relation to water services or waste water disposal services.*

### 3.0 LEGISLATIVE FRAMEWORK

In the exercise of its mandate, the URA is guided by a comprehensive set of laws which constitutes the legislative framework for the sector. To date, the following legal instruments, which have been developed, serve to facilitate and support URA in its regulatory role:

LEGAL INSTRUMENT	STATUS
Utility Regulatory Authority Act 2004 (amended 2008 and 2016)	In Operation
Electricity Act 2005 (amended in 2020)	Not yet proclaimed
Central Electricity Board Act 1963 (amended in 2020)	Proclaimed
Mauritius Renewable Energy Agency Act 2015	Proclaimed
Energy Efficiency Act 2011	Proclaimed
Competition Act 2007	Proclaimed
Consumer Protection Act 1991	Proclaimed

## 4.0 URA ORGANISATIONAL STRUCTURE (approved in May 2021)



## 5.0 BOARD COMPOSITION

Section 8 of the URA Act provides for the composition of the Board which shall constitute the Chairperson and three Commissioners. The Board members are required to have diverse academic qualifications, industry knowledge and experience, which ensure that the Board works effectively. As a pre-requisite for their appointment, the board members should be persons of high moral and professional integrity.

The Board is appointed by the President of the Republic of Mauritius upon the advice of the Prime Minister after consultation with the Leader of the Opposition, as provided for under Section 9 of the URA Act.

Section 16 of the URA Act provides for the delegation of powers within the Authority as follows:

**“The Board may, where appropriate, delegate such powers of the Authority as may be necessary to the Chairperson, the Director or to any other officer of the Authority, for the effective performance of the functions conferred on the Authority under this Act, other than the power to –**

- (a) borrow money;**
- (b) grant, revoke, suspend or amend an undertaking authorisation;**
- (c) determine, approve or modify a tariff; or**
- (d) appoint staff or set their level of remunerations.”**

## 5.1 URA BOARD MEMBERS



**Philip Ah-Chuen, Chairperson**

**Qualifications:** BTech (Hons) from Brunel University, MSc in Industrial Administration from Aston University, Fellow of the Mauritian Institute of Management (FMIM) and the Mauritius Institute of Directors (FMIoD).

**Sadatmanund Narain, Commissioner**

**Qualifications:** B.E. (Electrical Engineering), University of Roorkee, India, Post-Graduate Diploma in Electrical Power Systems Engineering, University of Manchester Institute of Science and Technology, UK, Member of the Institution of Electrical Engineers, UK (MIEE), Chartered Engineer of the Council of Professional Engineers, UK (C.Eng.) and a Registered Professional Engineer, Mauritius (RPEM).



**Jenny Peggy Sevambal Mootealoo, Commissioner**

**Qualifications:** Masters in Public Law, University of Reunion, Barrister-at-Law.

**Me. Pratabsing Bacorisen, Commissioner**

**Qualifications:** LLB (Hons), University of London, BPTC, Nottingham Law School, Member of the Honourable Society of Lincoln’s Inn (London).



**Rampiar Luchmun-Roy, Commissioner (until September 2020)**

**Qualifications:** Fellow of the Association of Chartered Certified Accountants (UK) and International Tax Program at the Harvard Law School, USA.

## 6.0 MANAGEMENT

Section 14 of the URA Act 2004 (as amended) provides that the Board shall appoint its Director, who shall also be the Chief Executive Officer. Mrs. Eunice Harris Potani was recruited as the Chief Executive Officer and has been in office since 1<sup>st</sup> May 2019.

**Eunice Harris Potani, Chief Executive Officer**

**Qualifications:** BSc Economics, MA in Economics.





**Suraj Boisemo Naiko, Manager Administration and Regulatory Partnerships**

**Qualifications:** BSc Mgt, MBA, BADGE Régulation de l'énergie.

**Bilkiss Jhingut, Acting Manager Finance**

**Qualifications:** BSc (Hons) Accounting with Information Systems, Part ACCA, PSEA.



**Martine G. Christine, Acting Manager Legal Affairs (till May 2021)**

**Qualifications:** LLB (hons), LLM International Business Law, Regulation of the Power Sector.

**Ashirah Kaudeer, Acting Manager Legal Affairs (from June 2021)**

**Qualifications:** LLB (hons), LLM, ACCA (Qualified).







**Ilshad Hoolash, Acting Manager Network Assets**

**Qualifications:** B.Eng. (Hons)-Electrical Engineering, BSc (Hons) – Water Production, MBA, RPEM, MACostE.

**Kritina Sungkur, Acting Manager Consumer and Public Affairs**

**Qualifications:** BA Mass Communication, Certified Digital Marketing Professional.



**Poodessen Moothoosamy, Acting Manager ICT**

**Qualifications:** BSc Computer Science, MBA.

## 7.0 CHAIRPERSON'S STATEMENT

I am pleased to present the Annual Report of the URA for 2021. As I reflect on the extraordinary events of the year 2020/2021, some of the most striking aspects include just how well our staff have rallied to respond to the many challenges posed by the Covid Pandemic and other operational challenges, and how we have learned a lot about ourselves and the strengths of the URA team. I believe that we have successfully demonstrated, through our performance this year, that the URA is strong, resilient, and adaptable.



Since 2019, we have embarked on an important phase of building a robust electricity regulatory framework consistent with the enabling laws created by the Government of Mauritius, which saw the URA developing the bulk of the key regulatory tools and frameworks necessary for the launch of its Licensing and other regulatory functions.

Following the Policy decision taken by Government in December 2020 to replace the Bulk Supply Electricity Power Market Model by the Single Buyer Market Model and the subsequent amendments made to the Electricity Act 2005 and the CEB Act of 1963 in December 2020, the URA embarked on an active and rigorous process of revising all documents which were previously developed so as to align them with the new requirements under the amended pieces of legislation. Consequently, the roadmap and the preparatory process for operationalization of the URA had to be revisited and redefined, taking these new developments into account.

Despite the financial and operational challenges that the URA faced in the review period, which were beyond our control, the URA has stayed the course and continued along the new trajectory, adding value and clarity to the new regulatory framework and process. Strongly committed to building the URA of tomorrow, we will continue to work towards our ambitious vision of being a Responsible Regulator for sustainable Utilities.

What we have achieved this year only reinforces my commitment and that of the URA Board for the year 2021/2022. I would like to take this opportunity to thank the CEO and all her team for their continued commitment, dedication, and hard work in making this possible.

**Philip Ah-Chuen**

**Chairperson**

**Utility Regulatory Authority**

## 8.0 CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to submit my statement for the period ending June 2021. In the period under review, the URA has financially continued to rely on Government Grants as our main source of funding. Following the amendments made in December 2020 to the Electricity Act 2005 and CEB Act 1963, which restructured the electricity market model from the bulk supply to the single buyer model, the URA proceeded with the review of the developed regulatory tools and documents to align them with the new requirements provided for in the amended pieces of legislation.



Arrangements were made for the Tweaking of the National Grid Code and the Tariff Methodology and Tariff Guidelines and the review and updating of the E-Licensing platform and re-drafting of all the licensing tools which would enable URA to carry out its regulatory function in line with the amendments made to the Electricity Act 2005 and CEB Act 1963.

The delayed operationalisation of the URA due to changes in policy gave the URA an opportunity to refocus on the new staff development and capacity building needs in line with requirements of the new market model and the URA greatly appreciates the financial support it has continued to receive from various cooperating partners and other organisations that it is affiliated to, who have provided funding support for URA staff training on capacity development initiatives.

I want to state my pride at the incredible performance of all staff of the URA on the work done over this past year. Our success also relies on the support, resilience and hard work of many partners dedicated to supporting the URA in its formative years. I thank each and every one of our many partners for their contributions during the year.

I would like to thank the Chairperson and the members of our Board for their constant support and guidance throughout the year. The URA is grateful for the continuous policy guidance and support provided by the Minister of Energy and Public Utilities.

A handwritten signature in black ink, appearing to read 'E. Harris Potani', written over a horizontal line.

**Eunice Harris Potani**

**Chief Executive Officer**

**Utility Regulatory Authority**

## 9.0 BOARD'S RESPONSIBILITY STATEMENT AND CORPORATE GOVERNANCE



### BOARD'S RESPONSIBILITY STATEMENT

The Utility Regulatory Authority Board is responsible for the proper keeping of accounting records which disclose, with reasonable accuracy, at any time, the financial Position of the Utility Regulatory Authority.

### CORPORATE GOVERNANCE

The Board confirms to the best of its knowledge that the Utility Regulatory Authority has complied with all its obligations and requirements under the Code of Corporate Governance.

Signed by

Signature: Philip Ah-Chuen

Name: Mr. Philip Ah-Chuen

Chairman, URA

Signature: S. N. TRAI

Name: S. N. TRAI

Commissioner, URA

Date: 05 April 2022

Date: 05 April 2022



## 9.1 CORPORATE GOVERNANCE

The URA Board is committed to fully implement corporate governance standards and monitors and ensures compliance with relevant laws and regulations. It also aims to maintain a high standard of reporting and disclosure, keeping in mind the best interests of all stakeholders. In line with its commitments, the Board aspires to develop and align policies, systems and processes to embrace sound corporate governance principles as laid down by the URA Act.

The Board is responsible for providing the overall strategic direction of the Authority and through Executive Management, oversees the operations and management of the URA that will facilitate the Board's role in granting of Licences, Tariff determination and approval, staff recruitments and setting of remuneration packages and levels.

Throughout the year ending 30<sup>th</sup> June 2021, and to the best of the Board's knowledge, the URA has complied with the National Code of Corporate Governance of Mauritius (2016). The summary below is the demonstration of the URA Board's commitment in the application of the principles set out in the Code.

THE CORPORATE GOVERNANCE PRINCIPLES		
	Relevance to the URA (Refer to)	Compliance of the URA
Principle 1: <b>Governance Structure</b>	Refer to Section 9.1	✓
Principle 2: <b>The Structure of the Board and its Committees</b>	Refer to Section 9.2 & Section 9.4	✓
Principle 3: <b>Director Appointment Procedures</b>	Refer to Section 5.0	✓
Principle 4: <b>Director Duties, Remuneration and Performance</b>	Refer to Section 5.0	✓
Principle 5: <b>Risk Governance and Internal Control</b>	Refer to Section 9.4	✓
Principle 6: <b>Reporting with Integrity</b>	Refer to Section 10.8	✓
Principle 7: <b>Audit</b>	Refer to Section 9.4	✓
Principle 8: <b>Relations with Shareholders and Other Key Stakeholders</b>	Refer to Section 10.4 & 10.6.8 – 10.6.11	✓

## 9.2 Structure of the Board

Section 8 of the URA Act 2004 (as amended) provides that:

*(1) The Authority shall be administered and managed by the Board.*

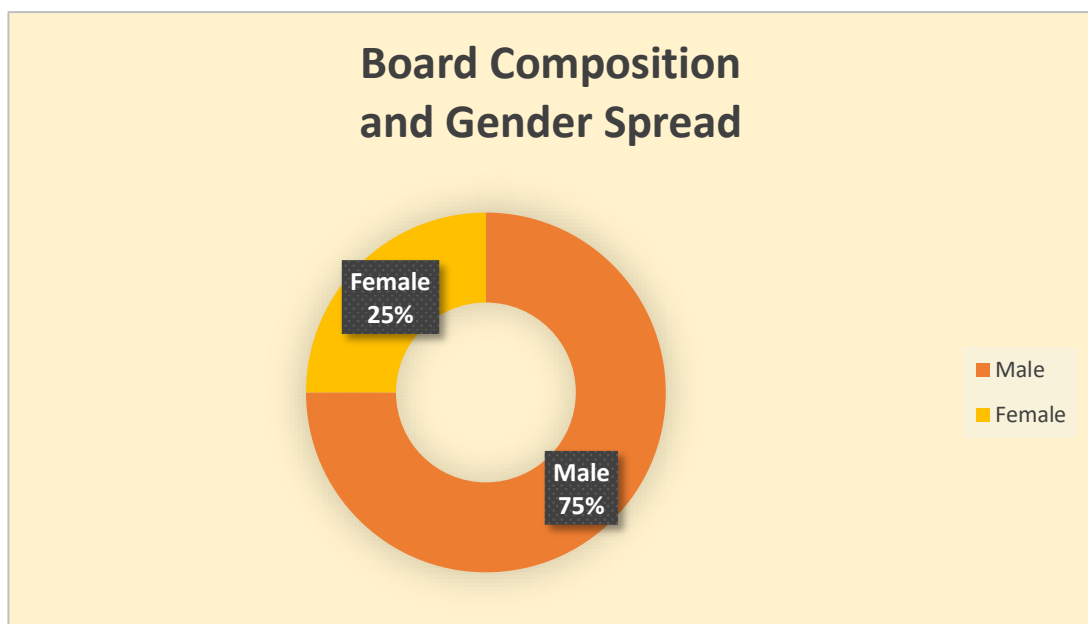
*(2) The Board shall consist of –*

*(a) a Chairperson and*

*(b) 3 Commissioners.*

Consequently, the URA Board was appointed in line with the provisions of Section 9 of the URA Act.

In line with this provision, the composition of the Board is as follows:



### 9.3 BOARD APPOINTMENT DATES AND TERMS OF OFFICE

NAME OF BOARD MEMBER	STATUS	DATE OF APPOINTMENT	TERM
Mr. Philip Ah-Chuen	Chairperson	15 <sup>th</sup> May 2018	5 years
Mr. Rampiar Luchmun-Roy	Commissioner	19 <sup>th</sup> September 2016 (until 19 <sup>th</sup> September 2020)	4 years
Mr. Sadatmanund Narain	Commissioner	26 <sup>th</sup> February 2020	5 years
Mrs. Jenny Peggy Sevambal Mootealoo	Commissioner	26 <sup>th</sup> February 2020	5 years
Mr. Pratabsing Bacorisen	Commissioner	09 <sup>th</sup> December 2020	5 years

#### 9.3.1 BOARD MEETING ATTENDANCE

In accordance with Section 13 (1) of the URA Act 2004 (as amended), the Board is required to meet at least once every 3 months.

For the Financial year ending 30<sup>th</sup> June 2021, the Board held a total number of ten (10) normal Board meetings and six (6) extraordinary board meetings. The attendances are summarised as follows:

NAME	BOARD MEMBERS	NO OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR	NO OF EXTRAORDINARY MEETINGS HELD DURING THE FINANCIAL YEAR
		<b>10</b>	<b>6</b>
<b>Chairman</b>	Mr. Philip Ah-Chuen	<b>10</b>	<b>6</b>
<b>Commissioner</b>	Mr. Sadatmanund Narain	<b>9</b>	<b>6</b>
<b>Commissioner</b>	Mr. Rampiar Luchmun-Roy	<b>3</b>	<b>0</b>
<b>Commissioner</b>	Mrs. Jenny Peggy Sevambal Mootealoo (appointed on 26 <sup>th</sup> February 2020)	<b>9</b>	<b>6</b>
<b>Commissioner</b>	Mr. Pratabsing Bacorisen (appointed on 09 <sup>th</sup> December 2020)	<b>5</b>	<b>1</b>

Pursuant to Section 14 (5) of the URA Act 2004 (as amended), the Chief Executive officer attended all Board Meetings as a non-voting member.

## 9.4 BOARD COMMITTEES

As part of its action plan to implement and fully comply with the requirements of the National Code of Corporate Governance of Mauritius (2016), the Board of the URA resolved in December 2021, to reconstitute the Board Committees in order to assist in the smooth running of the Authority's business.

As such, the Board will be assisted in its functions by four main sub-Committees as soon as they are operationalised, as follows:

### **i. Appointment and Remuneration Committee**

The Appointment and Remuneration Committee is responsible for creating and monitoring value - based systems and policies to ensure that the organisation is following relevant laws and best practices relating to its employees and creating an attractive environment for retaining current employees and attracting prospective employees.

### **ii. Finance and Corporate Governance Committee**

The Finance and Corporate Governance Committee is created to assist the Board in fulfilling its oversight responsibilities with respect to its compliance obligations and the monitoring and oversight of the organisation's financial resources, including its capital management and recovery and resolution planning processes and adherence to the corporate governance principles.

### **iii. Audit and Risk Management Committee**

The Audit and Risk Management Committee shall provide oversight and make recommendations to the Board on matters of Risk Management and internal and external Audit. Through its audit and risk function the Committee will review the financial reporting process, the systems of internal control and the management of the financial and business risk and the audit process.

### **iv. Technical, Licensing, Tariffs and Wayleave Committee**

This Committee will assist the Board in providing leadership, direction and oversight in the development of a coherent, technical, economic and legal sound approach on the URA regulatory, wayleave and licensing function of utility services.



## **10.0 OPERATIONAL REVIEW PERFORMANCE**

The URA three-year Strategic Plan for the year 2019-2022, which was adopted in 2018/2019, provides a roadmap for URA in its drive to deliver on its mandate of ensuring business viability, customer protection, promotion of efficiency and competition in the market. Guided by the aspirations of the Strategic Plan, the URA prepared a roadmap, in line with the strategic objectives, which continues to guide business plans and activities implemented in the review period. As such, the performances of the various directorates are highlighted in the following Sections 10.1 to 10.6.

The need for ongoing harmonization of laws governing various agencies with different roles in the utility sector will require that URA continuously work to develop various forms of regulations and Memorandum of Understanding to fill the gaps in the laws and provide clarity and complementarity of roles among various key players in the utility services sector.

### **10.1 LEGAL AFFAIRS DIRECTORATE**

The URA is guided by a comprehensive set of laws which constitutes the legislative framework for the sector, which the Legal Affairs Directorate (LAD) is responsible for. Following the amendments made in December 2020 to the Electricity Act 2005 and CEB Act 1964 to restructure the electricity market from the bulk supply to the single buyer model, the need arose to review the existing regulatory tools and documents to align them with the new requirements in the amended pieces of legislation. In light of this, LAD revised the following regulatory instruments:

- Licensing and Registration Regulations to mainly provide for a licence fees framework for the fees payable by the operators;
- Resolution of Disputes Regulations to govern disputes arising between two licensees or a licensee and a customer;
- The moratorium document governing the transitional arrangements once the Electricity Act 2005 is proclaimed, which has been converted to the Transitional Arrangements Guidelines;
- Complaint Handling Procedures and Complaints Handling Regulations which together shall comprise part of the Complaints Handling Framework for receiving, handling and enquiring into grievances from consumers;
- Sample Power Purchase Agreement (PPA) document to guide on the minimum PPA requirements;

- PPA Review Guidelines to facilitate in the review process of a PPA and allow the Authority to make informed recommendations with respect to the PPA contracted between two licensees;
- Terms and Conditions attached to different licences to be issued;
- Designs of the Licence certificates which shall be issued for the electricity activities to be licensed, including the formats for provisional licence to be issued during the transitional period;
- The Licence Application Form to be completed by all applicants requiring a licence upon proclamation of the Electricity Act;
- Licence Application Checklist to be used by Technical Unit for the review process of an application; and
- Flowchart for the Licence application, review and decision-making process, with timelines to ensure efficiency, transparency, responsibility and professionalism.

LAD contributed to the drafting and review of a Memorandum of Understanding and Agreement to outline the areas of cooperation and coordination between URA and its stakeholders namely Mauritius Renewable Energy Agency, the Central Electricity Regulatory Commission of India (CERC) and the Ministry of Environment, Solid Waste Management and Climate Change. The directorate also drafted the Contract Variation for MARENA with the consultant Mercados, which will have the objective of finalising the tariff methodology and the grid code.

LAD has assisted in finalising the Electricity Regulations 2021 and revising other documents such as staff contracts and the Service Level Agreement and Maintenance Agreement for the URA website and ERP. The legal department also led discussion on the updates on the Licence Management System on the website and ERP following the change in the market model. Similarly, the legal directorate facilitated the procurement process of URA's official embossed seal to be used to authenticate a licence issued by URA as well as other official URA documents.

As a commitment to stakeholders' engagement, LAD also collaborated with the Consumer and Corporate Affairs Directorate to undertake investigations and enquiries on customer grievances and also participated in consultative sessions and interactive meetings with the Ministry of Energy and Public Utilities, the Central Electricity Board, IPPs and the *Commission de Régulation de l'Énergie*, among others. As a member of Regional Energy Regulators Association (RERA), LAD acted as secretary for the Legal Sub Committee and the Portfolio Committee on Energy Sector Policy.

## 10.2 TECHNICAL DIRECTORATE

In the review period 2019/2020, significant amount of time was spent to initiate the development of regulatory instruments including the National Electricity Grid Codes, Key Performance Indicator (KPI) Framework and the development of an *“Automatic Online Dashboard Reporting System”*. The Technical Directorate (TD) was actively involved in the development process of new regulations under the Electricity Act 2005, namely: Electricity Regulations 2021 (Safety, Quality & Continuity), Electricity Regulations 2021 (Metering, Billing & Collection) and Net Billing/Metering Regulations.

The energy environment is constantly changing due to introduction of new technologies and the requirement to integrate more Renewable Energy in the national energy mix. In December 2020, the Electricity Act 2005 was amended; a Single Buyer Licence was introduced and subsequently this impacted some provisions of the National Electricity Grid Codes and all other associated regulatory regulations, guidelines and tools. In this review period 2020/2021, the impacts of these changes were assessed and necessary corrective measures initiated to realign with the amendments in the Electricity Act 2005.

TD collaborated with other institutions on various ongoing policy initiatives driven by the Ministry of Energy and Public Utilities which include: A 10-year Electric Vehicle Integration Roadmap for Mauritius, the project on Accelerating the Transformational Shift to a Low-Carbon Economy in the Republic of Mauritius, Development of the MARENA Regulations, Bioelectricity Roadmap for Mauritius and the High-Level Regulatory Assessment for Floating Solar PV.

## 10.3 ECONOMIC DIRECTORATE

During the period under review, the Economic directorate (ED) embarked in the process of developing the following three regulatory implementation tools namely, (1) the Tariff Regulation, which will serve as a basis for the Authority to elaborate the specific tariff methodologies and guidelines for each electricity sector, (2) an excel based tool for tariff calculation, which shall ensure that all tariff calculations follow a standardized approach and would allow conducting sensitivity analysis with regards to renewable energy cost and its impacts on electricity price, and in collaboration with TD, (3) the development of an online dashboard which will be used by the URA to assess how effectively and efficiently the utility company achieves specific goals and objectives.

ED revised the original draft methodology for URA’s licensing fee framework and proposed new methods which are currently under discussion at the Ministry’s level. ED additionally coordinated in

the filling of the Tariff Publication information and compiled relevant information for SADC Tariff Publication.

With inputs from LAD and TD, ED further collaborated with the African Development Bank (AfDB) for the 2020 Electricity Regulatory Index for Mauritius and with COMESA on projects regarding the implementation of harmonised regulatory/technical frameworks and synthesized renewable and energy efficiency strategies in the EA-SA-IO region.

During the year, ED continued to collaborate with the Consumer and Corporate Affairs Directorate in dealing with complaints relating to tariffs and with the LAD and TD for the development of URA’s regulatory instruments.

#### 10.4 CONSUMER AND CORPORATE AFFAIRS DIRECTORATE

In the period under review, the Consumer and Corporate Affairs (CCA) Directorate participated in several stakeholder meetings with the Central Electricity Board, the Ministry of Energy and Public Utilities, the State Law Office, Consumer Advocacy Groups, Independent Power Producers, the *Commission de Régulation de l’Energie* (CRE) and the *Agence Française de Développement* (AFD), to discuss regulatory matters, the licensing framework and consumer protection, for continued and effective cooperation.

The CCA directorate, in collaboration with the Administration & HR Directorate, has facilitated the provision of health insurance cover for URA which forms part of staff wellness and employee retention initiatives.

In the period under review, the CCA directorate, along with the economic, legal and technical directorates, continued to handle different complaints that were submitted to the URA covering billing issues and quality of service on a goodwill basis as the URA has not yet kick-started its licensing process. The details on the complaints that were received are summarised in the following table.

<b>REPORT #6 ON COMPLAINTS RECEIVED BY THE UTILITY REGULATORY AUTHORITY (URA) AS AT 30 JUNE 2021</b>		
<b>SN</b>	<b>COMPLAINTS RECEIVED</b>	<b>STATUS</b>
<b>2020</b>		
1.	Complaint #11 received on 06.07.20 (Complaint against the CEB sent by ACIM)	Complainant was requested to lodge a complaint to the CEB.

2.	Complaint #12 received on 08.07.20 (Complaint against the CEB sent by the Consumer Affairs Unit)	Complainant was requested to lodge a complaint to the CEB.
3.	Complaint #13 received on 30.09.20 (Complaint against the CEB wrt disconnection sent through A.G Chambers)	Complaint forwarded to CEB.
4.	Complaint #14 received on 31.10.20 (Complaint against the CEB wrt to application of CEB Power Supply)	Pending. Necessary steps taken by the URA. Awaiting response from concerned parties to arrange for a tri-partite meeting.
5.	Complaint#15 received on 04.12.2020 (Complaint against the CWA wrt Surcharge of Water Bill)	Investigation carried out by CWA.
<b>2021</b>		
6.	Complaint #16 received on 24.02.21 (Complaint against the CWA wrt Water Bill)	In progress. Awaiting feedback from CWA.
7.	Complaint #17 received on 26.02.21 (Complaint against the CWA wrt Water Bill)	In progress. Awaiting feedback from CWA.
8.	Complaint #18 received on 16.06.21 (Complaint against CWA/WMA wrt broken pipe and overflowing of septic drain)	Necessary steps taken by the URA. Awaiting response from concerned parties to arrange for a tri-partite meeting.
9.	Complaint #19 received on 29.06.21 (Complaint against the CEB wrt Billing)	Necessary steps taken by the URA. Investigation carried out by the CEB. Payment Facility provided to the plaintiff. <b><u>Status: Resolved</u></b>

## 10.5 INFORMATION TECHNOLOGY DEPARTMENT

During the year 2020-2021, the URA has continued in its strategy of improving business efficiency through the optimal use of ICT. In this respect, the organization has implemented new systems to support and drive the business initiatives. In order to achieve this, various adjustments were brought to the overall IT outlook in terms of servers, networking, business applications, security and signing of the support contract agreement with the suppliers, among others. The various initiatives, that were undertaken, aim at helping the URA to operate in a more efficient and effective way.

### **New URA Website**

A new corporate website was developed, featuring content management and web-based portals for licensing and customer complaints. These web-based portals will allow various stakeholders to apply for online licences and to make online complaints. Furthermore, the Service Level Agreement (SLA) with State Informatics Ltd (SIL) has been renewed in May 2021 to ensure the future sustainability of the website.

### **Enterprise Resource Planning (ERP)**

The Microsoft Dynamics ERP system was launched in August 2020 and the various directorates such as Legal, Finance, Procurement and Consumer Affairs have started to familiarize themselves with the new system. Once the Electricity Act is proclaimed, the stakeholders will be able to do their online licensing application using the application platform found on the URA website and the information is directed through a dedicated line to the ERP. The SLA was renewed in June 2021 to ensure business continuity.

### **Information Security Policy**

The URA Information Security Policy, which was developed and launched in the period under review, is a key component of the URA's overall Information Security Management Framework and reflects the commitment of Management to information security. This policy establishes and maintains the security and confidentiality of information, information systems, applications and networks owned or held by the URA. In this respect, security solutions are continuously sought to keep alongside of new security threats. The counts for the troubleshooting of hardware or software issues were performed by the ICT department for different directorates which required support for operationalisation of the ERP and other software application interventions.

## **10.6 HUMAN RESOURCE, ADMINISTRATION AND REGULATORY PARTNERSHIPS DIRECTORATE**

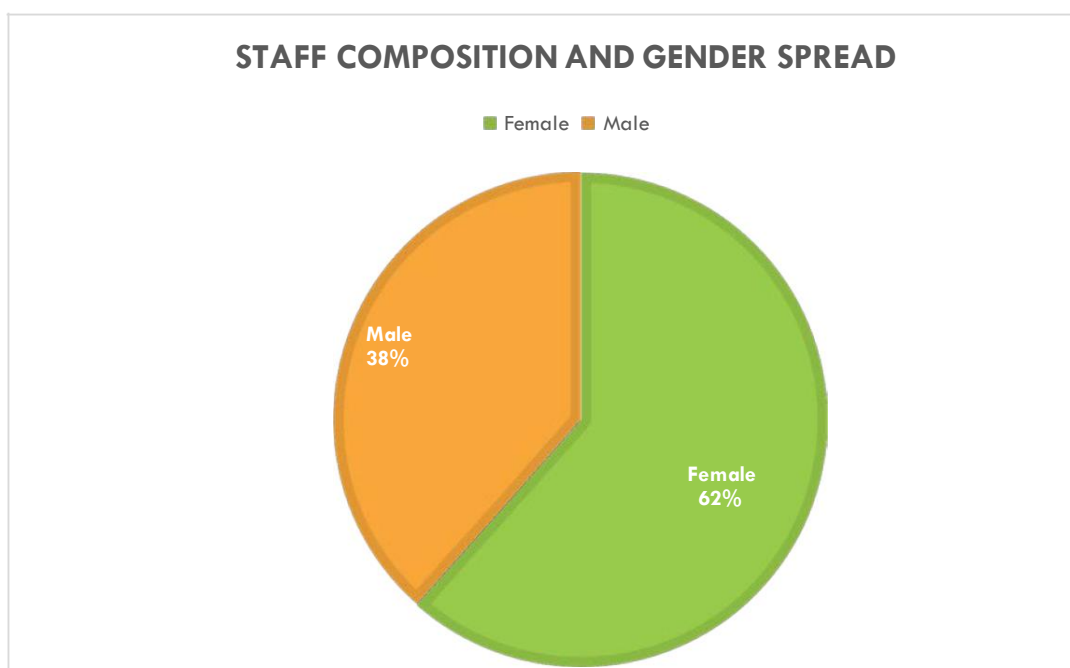
### **10.6.1 URA STAFF COMPLEMENT**

At the start of the review period, 12 staff were in place. In August 2020, a Tariff/Financial Analyst was recruited which brought the total staff complement to 13.

The following table provides a summary of the status on staff in place by end of the review period.

DIRECTORATE	FILLED POSTS
<b>TOTAL URA STAFF COMPLEMENT</b>	<b>13 staff</b>
CEO's Office	4
Legal Affairs	3
Economic and Finance	3
Technical (electricity)	1
Technical (water)	0
Consumer and Corporate Affairs	1
HR, Administration and Regulatory Partnerships	1 staff plus * 1 trainee

### 10.6.2 STAFF COMPOSITION AND GENDER SPREAD AT URA



### 10.6.3 URA STAFF RECRUITMENT

During the review period, the planned recruitment of the Director Legal Affairs, Economic Regulation Manager, Inspector Network Performance (Engineer), HR Officer, Receptionist, Driver and Handy worker could not be completed as the URA Board froze the recruitment of staff due to lack of funding.

The non-recruitment of the above-mentioned positions affected the implementation of the key planned tailor-made trainings for staff and the delivery of service on some key regulatory activities.

#### 10.6.4 CAPACITY BUILDING

URA has continued the implementation of tailor-made training for both the Board of Directors and Staff to develop the necessary skills and capacity to be able to professionally and effectively discharge its regulatory mandate.

Most of the capacity building and training initiatives implemented during the review period have been possible with support from cooperating partners like the *Agence Française de Développement* (AFD), United Nations Development Programme (UNDP), Clinton Climate Initiatives (CCI) and through workshops organised by regional regulatory associations like Regional Energy Regulators Association (RERA), RegulaE.Fr and Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) to which the URA is affiliated.

During the review period, the Authority enhanced knowledge of its staff by providing local and overseas training to improve their managerial and operational competencies on Energy Regulation, Project Finance, Regulatory Governance, Renewable Energy Technologies, Energy Utility Benchmarking and Licensing Framework.

The trainings successfully completed by URA staff during the review period are presented in the Table as follows:

#### 10.6.5 URA STAFF TRAINING ACHIEVEMENT DURING FINANCIAL YEAR 2020/21

Date	Training	Participants
July 2020	Rogers Capital- In-house tailor-made training & system testing for the operationalization of the ERP following implementation of an MIS at URA	- (Ag) Manager Network Assets - (Ag) Manager Legal Affairs - Licensing and Compliance Lawyer - (Ag) Manager Finance - Accounts Officer - (Ag) Manager Consumer - Procurement and Store Assistant - Trainee Adm/HR - (Ag) Manager ICT
December 2020	Training on Project Finance from PIVOTAL 180 (15 days) sponsored under the Clinton Climate Initiatives Program	- Administrative Assistant - (Ag) Manager Network Assets - (Ag) Manager Legal Affairs - Licensing and Compliance Lawyer - (Ag) Manager (Training ongoing) - Accounts Officer - (Ag) Manager Consumer Affairs - Procurement and Store Assistant - Trainee Adm/HR - Manager Administration and Regulatory Partnerships



		- Tariff/Financial Analyst - (Ag) Manager ICT
December 2020	Training on regulatory governance from MULTICONSULT (15 days) sponsored under the Clinton Climate Initiatives Program	-Administrative Assistant -(Ag) Manager Network Assets -(Ag) Manager Legal Affairs -Licensing and Compliance Lawyer -(Ag) Manager Finance -Accounts Officer -(Ag) Manager Consumer Affairs -Procurement and Store Assistant -Trainee Adm/HR -Manager Administration and Regulatory Partnerships - Tariff/Financial Analyst - (Ag) Manager ICT
Jan to Dec 2020	Diploma in procurement and supply from Mauritian Management Association (MMA)	-Procurement and Store Assistant
Oct 2020	Training at Power Factory Software organized by CEB	-(Ag) Manager Network Assets
Dec 2020	Training on (Renewable energy technologies) RET screen Software organized by MARENA	-(Ag) Manager Network Assets
15-17 Feb 2021	CEER-Online training on Energy Utility Benchmarking	-(Ag) Manager Legal Affairs
Feb 2020 – Year 2021	BADGE, <i>Régulation de l’Energie</i> Ecole de Mines, Paris (ongoing)	-(Ag Finance Manager) -(Ag) Manager Legal affairs
June 2021	Online Training on Licensing Framework (2 Weeks) sponsored under the Clinton Climate Initiatives Program.	-Chief Executive Officer -(Ag) Manager Network Assets -(Ag) Manager Legal Affairs -(Ag) Manager Finance -(Ag) Manager Consumer Affairs -Manager Administration and Regulatory Partnerships - Tariff/Financial Analyst - (Ag) Manager ICT -Manager Administration and Regulatory Partnerships -Accounts Officer -Confidential Secretary to CEO

#### **10.6.6 PERFORMANCE APPRAISAL URA STAFF**

During the review period, performance review was carried for all URA staff. This process provided the Authority the means of identifying training and development needs.

#### **10.6.7 IMPACT OF COVID 19 ON BUSINESS PERFORMANCE**

Mauritius, like other countries around the world, has not been spared from the impacts of the COVID 19 pandemic. A national lockdown was effective as from 20 March 2020 for an initial period of at least two weeks and curfew order was enforced from 23 March to 2 April 2020 and subsequently extended twice till 31 May 2020. The country again went back to lockdown on 10 March 2021 until 30 April 2021. During the confinement period, a shift system was put in place to reduce the physical number of employees in URA office and to ensure business continuity.

#### **10.6.8 REGIONAL AND INTERNATIONAL REGULATORY PARTNERSHIPS**

During the year under review, the unforeseen COVID-19 Pandemic also impacted the activities which were undertaken under the Financial Partnership Agreement between *Agence Française de Développement* (the Agency), *Commission de Régulation de l'Énergie* (the Technical Partner) and the Utility Regulatory Authority for technical assistance and support. The planned activities were rescheduled to a future date.

#### **10.6.9 FINANCIAL PARTNERSHIP AGREEMENT CRE/AFD/URA**

The Financial Partnership Agreement between *Agence Française de Développement* (AFD), *Commission de Régulation de l'Énergie* (CRE) and URA materialised during the year 2020. Through this Agreement, the AFD has offered a grant of EUR 500,000 of FEXTE (*Fonds d'Expertise Technique et d'Echange d'Experiences*) in order to finance the technical assistance project to the URA, to be implemented by the CRE for the period January 2020 to December 2022 on the terms and conditions as set out in the Financial Partnership Agreement signed between the AFD, CRE and URA, following which two steering committees were set up in the initial year to launch the partnership.

#### **10.6.10 REGIONAL ELECTRICITY REGULATORS ASSOCIATION (RERA)**

The Utility Regulatory Authority is a member regulator to the Regional Energy Regulators Association of Southern Africa (RERA) which provides a platform for effective co-operation between independent

electricity regulators within the Southern African Development Community (SADC) region. The main objective of RERA is to facilitate harmonization of regulatory policies, legislation, standards and practices and to be a platform for effective cooperation among energy regulators within the SADC region.

The annual portfolio and subcommittees of RERA took place virtually in June/July 2021 due to the COVID 19 sanitary restrictions. The Chief Executive Officer attended the portfolio committees and URA staff attended the subcommittees for Human Resource, Legal, Consumer Services and Communication, Economic and Technical.

#### 10.6.11 THE NETWORK FOR ENERGY REGULATORS FOR FRENCH SPEAKING COUNTRIES (RegulaE.Fr)

RegulaE.Fr, through virtual meetings, managed to successfully maintain the bond and information sharing platform among its member regulators. The CCA directorate, representing the URA as a member of the Communication Committee of the RegulaE.Fr network, contributed to the conception of RegulaE.Fr’s newsletter in March 2021.

### 10.7 STRATEGIC DIRECTION 2021-2024

As part of its overall business strategy for the period 2021-2024, the URA Board has set out the following strategic objectives:

URA STRATEGIC DIRECTION	ENABLERS
<p><b>URA as the regulator of the utility sector is mandated to ensure the sustainability and viability of utility services and promote efficiency in both operations and capital investments in respect of utilities services, while protecting interests of both existing and future customers and promoting competition in the Utility Service Industry.</b></p>	<ul style="list-style-type: none"> <li>• Licensing of electricity producers and distributors and other operators in accordance with Electricity Act 2005 and implement adequate systems for monitoring the compliance by licensees with standards and applicable regulations.</li> <li>• Establish an appropriate procedure for receiving and enquiring into complaints by customers in relation to utility services.</li> <li>• Regulate tariffs and other charges levied by a licensee and develop tariff methodology.</li> <li>• Establish an online platform to disseminate information on licenses and compliance with standards.</li> </ul>

STRATEGIC OBJECTIVES	ACTION	ACTIVITIES
1) Enhance Legal framework and phased implementation of Licensing	Rolling out of URA licensing function and issuance of various licences	(i) Develop Licensing Regulations & Licence Fees schedule
		(ii) Develop Guidelines on Moratorium Period/Transitional period
		(iii) Develop Electricity Regulations 2021  -Safety Quality Continuity  -Metering Billing Collection
		(iv) Tweaking of Grid Code and Tariff Methodology
		(v) Update licence templates and terms and conditions of the various licences to be issued by the Authority
		(vi) Tweaking of Electronic Licensing Platform  (vii) Design platforms for:  -Single buyer  -Provisional licence  -Registration Certificate  -Necessary wayleave  -Online licence fees payment  (viii) User training and acceptance test

		<p>(ix) Stakeholder sensitisation on licensing system and transitional arrangements to be done before operationalisation</p> <p>(x) Receiving, processing transitional licence applications and issuance of provisional licenses to existing operators.</p> <p>(xi) Receiving, processing of applications for long term licences</p>
<b>2) Implementing URA mandate in the interest of consumers</b>	Compliance Monitoring of licenses through technical regulation	<p>(i) Pre and Post licensing inspection visits</p> <p>(ii) Routine inspections and accident/ Complaint investigations</p>
	Compliance Monitoring through economic and Commercial regulation	<p>(i) Develop Tariff Methodology and Tariff review guidelines</p> <p>(ii) Develop RE metering and tariff regulations, excel tariff tool and online KPI dashboard</p> <p>(iii) Review of PPA proposals</p>
<b>3) Recruiting, Skilling, Strengthening URA Team</b>	Recruit and retain competent and trainable professional staff	<p>(i) Develop appropriate recruitment and remuneration policies and performance appraisal system</p> <p>(ii) Recruit additional staff at least a minimum of two in each core directorates of Legal, Technical, Economic, Consumer and Public Relations</p>

<b>4) Remaining Relevant Through Public Engagement</b>	Develop PR Strategy	Re-advertised on reduced scope of work and Request for proposal sent out, awaiting responses
	Develop Corporate Identity Manual	Request for proposal sent out, awaiting responses
	Develop an online platform for handling customer complaints and feedback	Online complaints handling platform done, to be tweaked in the ongoing review of the E-platforms
	Conduct Public Consultations	Ongoing Stakeholders Engagement on good will basis
	Public briefing	Media and Stakeholder briefs on the URA Strategic Plan launch and the operational roadmap before legislative changes done in Dec 2020
	Develop Disaster Response/Mitigation plan	Ongoing
<b>5) Financial Independence, Transparency and Accountability</b>	Develop framework for generating sustainable funding for URA Activities	Draft Licence fees and Levy schedules developed as schedules to Licensing regulations
	Automate and facilitate the transition of URA financial function on to the URA ERP and MIS	URA financial functions migrated on to the ERP  Create an Electronic Fees payment platform
	Prepare monthly management account and biannual performance reports	Monthly and biannual performance Management reports submitted to the Board and MEPU

	Facilitate Internal Audit	Annual internal Audit of URA done by MEPU and Management responses
	Publish annual audited accounts and annual activity performance report	(i) URA annual external audit done by NAO according to law (ii) Management Responses

## 10.8 FINANCE DEPARTMENT

### Revenues

The main source of funding for the URA in the period under review has been through Grant funding from Government provided through MEPU, the parent Ministry.

As the Electricity Act 2005 had still not been proclaimed, no revenue from licensing activities had been received and the URA has relied on Government Grants as the main source of funding.

The summary of actual revenue is presented below.

Revenue Sources	2020/2021	2019/2020 (Restated)
	<b>Actual</b>	<b>Actual</b>
	<b>Rs</b>	<b>Rs</b>
Revenues (Grants+ Cumulative savings+ Others)	30.33m	19.71m
Licensee fee	Nil	Nil
<b>Total</b>	<b>30.33m</b>	<b>19.71m</b>

## Expenditures

The main expenditure drivers in the period under review have been payroll and day-to-day operational expenses. During the reporting period, the URA continued with the development of regulatory tools with support from cooperating institutions. The summary of actual expenditure is presented below:

<b>EXPENDITURE SUMMARY</b>		
	<b>2020/2021</b>	<b>2019/2020 (Restated)</b>
	<b>Actual Rs</b>	<b>Actual Rs</b>
Operational Expenditure	29.95m	24.20m
Capital Expenditure	Nil	Nil
<b>Total</b>	<b>29.95m</b>	<b>24.20m</b>



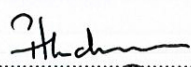
**FINANCIAL STATEMENTS**  
**FOR THE YEAR**  
**1 JULY 2020**  
**TO**  
**30 JUNE 2021**

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**Statement of Financial Position**  
**as at 30 June 2021**

		30-Jun-21 Rs.	30-Jun-20 Rs.
<b>ASSETS</b>	<b>Notes</b>		
<b>Current Assets</b>			
Cash and Cash Equivalents	4	6,929,762	2,803,580
Receivables	3	<u>1,632,839</u>	<u>1,659,845</u>
		<u>8,562,601</u>	<u>4,463,425</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	2,085,029	2,668,403
Intangible Assets	2	<u>526,101</u>	<u>606,443</u>
		<u>2,611,130</u>	<u>3,274,846</u>
<b>TOTAL ASSETS</b>		<u>11,173,731</u>	<u>7,738,271</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5	2,946,401	373,952
Employee Obligations	9	<u>2,519,708</u>	<u>2,476,395</u>
		<u>5,466,109</u>	<u>2,850,347</u>
<b>Non-Current Liabilities</b>			
Employee Obligations	9	<u>3,120,825</u>	<u>2,681,507</u>
		<u>3,120,825</u>	<u>2,681,507</u>
<b>TOTAL LIABILITIES</b>		<u>8,586,934</u>	<u>5,531,854</u>
<b>NET ASSETS</b>		<u>2,586,797</u>	<u>2,206,417</u>
<b>NET ASSETS / EQUITY</b>			
General Fund (2020 - Restated)		<u>2,586,797</u>	<u>2,206,417</u>
<b>TOTAL NET ASSETS / EQUITY</b>		<u>2,586,797</u>	<u>2,206,417</u>

The Financial Statements were approved and authorized for issue by the Utility Regulatory Authority Board at its meeting held on 05 April 2022

  
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Chairperson  
Mr. Philip Ah-Chuen

Date: 05 April 2022

  
.....

Commissioner  
Mr. Sadatmanund Narain

Date: 05 April 2022

The notes on pages 42 to 52 form part of these financial statements.



**Statement of Financial Performance**  
**for the year ended 30 June 2021**

	Notes	30-Jun-21 Rs.	30-Jun-20 Rs.
<b>Revenues</b>			
Revenue from Non-Exchange Transactions (2020 - Restated)	6	30,332,334	19,706,556
		30,332,334	19,706,556
<b>Expenses</b>			
Operating Costs	7	29,614,094	23,275,192
Administrative Costs	8	337,860	926,584
		29,951,954	24,201,776
<b>Surplus / (Deficit) for the year (2020 - Restated)</b>		<b>380,380</b>	<b>(4,495,220)</b>

The notes on pages 42 to 52 form part of these financial statements.

**Statement of Changes in Net Assets / Equity**  
**for the year ended 30 June 2021**

	<b>General Fund Rs</b>	<b>Accumulated Surplus / (Deficit) Rs</b>	<b>Net Rs</b>	<b>Capital Grant Rs</b>	<b>Total Rs</b>
Balance as at 30 June 2020 (As per previous accounting basis - FRSSE)	4,785,571	(5,732,329)	<u>(946,758)</u>	3,153,175	2,206,417
<b><u>Changes in net assets/equity for 2019-20</u></b>					
Adjustment to Accumulated deficit as a result of change in basis of accounting (Accrual IPSAS)		<u>1,237,109</u>		(1,237,109)	
Restated deficit as at 30 June 2020		(4,495,220)			
Adjustment to General Fund as a result of change in basis of accounting (Capital Grant of prior year 2019-20)	<u>1,916,066</u>			(1,916,066)	
Balance at June 30 2020	<u>6,701,637</u>	<u>(4,495,220)</u>		-	<u>2,206,417</u>
<b><u>Changes in net assets/equity for 2020-21</u></b>					
Surplus/(Deficit) for the year		380,380			380,380
<b>Balance at 30 June 2021</b>	<b><u>6,701,637</u></b>	<b><u>(4,114,840)</u></b>	<b><u>2,586,797</u></b>	-	<b><u>2,586,797</u></b>

The notes on pages 42 to 52 form part of these financial statements.

**Statement of Cash Flows**  
**for the year ended 30 June 2021**

	Note	30-Jun-21 Rs.	30-Jun-20 Rs.
<b>OPERATING ACTIVITIES</b>			
Surplus / (Deficit) for the year (2020 - Restated)		380,380	(4,495,220)
<b>Adjustment for items not involving cash</b>			
Depreciation and amortization on Non-Current Assets		<u>836,355</u>	<u>641,133</u>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<u><b>1,216,735</b></u>	<u><b>(3,854,087)</b></u>
<b>WORKING CAPITAL CHANGES</b>			
Decrease / (Increase) in Receivables		27,006	(1,339,845)
Increase / (Decrease) in Payables		2,572,449	(20,958)
Increase in Employee Obligations		<u>482,631</u>	<u>920,539</u>
<b>NET MOVEMENT IN WORKING CAPITAL</b>		<u><b>3,082,086</b></u>	<u><b>(440,264)</b></u>
<b>INVESTING ACTIVITIES</b>			
Purchase of Non-Current Assets		<u>(172,639)</u>	<u>(1,878,242)</u>
<b>NET CASH IN INVESTING ACTIVITIES</b>		<u><b>(172,639)</b></u>	<u><b>(1,878,242)</b></u>
<b>FINANCING ACTIVITIES</b>			
-		-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u><b>4,126,182</b></u>	<u><b>(6,172,593)</b></u>
<b>CASH AND CASH EQUIVALENTS AT PREVIOUS YEAR</b>		<u><b>2,803,580</b></u>	<u><b>8,976,173</b></u>
<b>CASH AND CASH EQUIVALENTS FOR THE YEAR ENDED</b>	<b>4</b>	<u><u><b>6,929,762</b></u></u>	<u><u><b>2,803,580</b></u></u>

The notes on pages 42 to 52 form part of these financial statements.

**Statement of Comparison of Budget Estimates and Actual Amount for the year ended 30 June 2021**

	Budget Amount Rs	Actual 01 July 2020 to 30 June 2021 Rs	Difference Between Budget and Actual Rs	Comments
<b>Revenue</b>				
License fees	153,277,500	-	(153,277,500)	Licensing activities cannot be started until Electricity Act 2005 is proclaimed.
Recurrent grant	5,000,000	27,000,000	22,000,000	Grant was to be received for transitional period only pending proclamation of Electricity Act 2005.
Sponsorship, Funding for Projects & Others	-	3,332,334	3,332,334	Sponsorship received as and when approved.
	<u>158,277,500</u>	<u>30,332,334</u>	<u>(127,945,166)</u>	
<b>Expenses</b>				
Fees to Board Members	3,730,000	3,346,364	(383,636)	Recruitment and other planned expenditures were downscaled due to no licensing activities.
Salaries and employee benefits	30,134,310	17,797,855	(12,336,455)	
Cost of Utilities	600,000	378,524	(221,476)	
Fuel and Oil	525,000	17,552	(507,448)	
Rent	6,312,000	6,345,088	33,088	
Office Equipment and Furniture	6,122,500	172,639	(5,949,861)	
Office expenses	1,780,000	56,382	(1,723,618)	
Outsourcing	2,420,000	-	(2,420,000)	
Maintenance	1,150,000	-	(1,150,000)	
Cleaning and Security Services	100,000	-	(100,000)	
Publications and Stationery	1,710,100	233,147	(1,476,953)	
Miscellaneous	355,000	328,622	(26,378)	
Studies/Seminars	4,977,000	153,625	(4,823,375)	
Memberships	2,038,000	-	(2,038,000)	
Other Goods and Services	580,000	381,939	(198,061)	
Transport Equipment	-	76,500	76,500	
<b>Total Expenses</b>	<u>62,533,910</u>	<u>29,288,237</u>	<u>(33,245,673)</u>	
<b>NET REVENUE</b>	<u><u>95,743,590</u></u>	<u><u>1,044,097</u></u>	<u><u>(94,699,493)</u></u>	

The notes on pages 42 to 52 form part of these financial statements.

**Notes to Financial Statements**  
**for the year ended 30 June 2021**

**General Information**

The Utility Regulatory Authority (URA) is an independent body set up by the Government of Mauritius to regulate the utility services, namely electricity, water and wastewater. Its objects are to ensure the sustainability and viability of the utility services; protect the interests of consumers; promote efficiency in both operations and investments in respect of utility services; and promote fair competition in the utility services industry. URA Act was enacted in November 2004 and subsequently amended in September 2008. The Act was again amended in June 2016 and gazetted on 29 June 2016 to allow for the appointment of the Chairperson and the Commissioners. The Board was finally set up in September 2016.

**a) Accounting Policies**

Financial Statements have been prepared on a historical cost basis and in compliance with the Accrual Basis International Public Sector Accounting Standards (Accrual Basis IPSAS) which were adopted as from 01 July 2020. Previously, the Financial Statements were prepared under the Financial Reporting Standards for Small Entities (FRSSE). The URA is presenting its first IPSAS Financial Statements. The opening balance of net assets / equity previously reported under FRSSE, as at 01 July 2020 have been reconciled to the opening balance of net assets / equity under Accrual Basis IPSAS and is as follows. Previously, capital grant was treated separately under FRSSE. However, currently under IPSAS, capital grant has been transferred to general fund.

**Reconciliation Statement of Net Assets / Equity as at 01 July 2020**

	<b>Amount</b>
	<b>Rs</b>
General Fund as at 30 June 2020	-946,758
Capital Grant before 01 July 2019, now transferred to Net Assets / Equity	1,916,066
Decrease in Deficit following adjustment in statement of financial performance for 2019-20 at date of adoption of IPSAS (Capital grant now treated as revenue as per IPSAS, capital expenditure Rs 1,878,242 in 2019-20 less deferred income of Rs 641,133 released)	1,237,109
<b>Net assets/equity as at 01 July 2020</b>	<b><u><u>2,206,417</u></u></b>



**a) Accounting Policies (Continued)**

The figure for surplus or deficit for the year ended 30 June 2020 previously reported under FRSSE has also been reconciled to the figure for surplus or deficit for the year as at 01 July 2020 under IPSAS and is as follows:

<b>Reconciliation Statement of Surplus/ (Deficit) as at 01 July 2020</b>	<b>Amount Rs</b>
Surplus/ (Deficit) as per previous accounting basis (FRSSE)	5,732,329.00
<b>Add: Adjustment to revenue from non-exchange transaction)</b> (Capital grant now treated as revenue as per IPSAS, Capital Expenditure Rs 1,878,242 in 2019-20 less deferred income of Rs 641,133 released)	1,237,109
<b>Deficit as at 01 July 2020</b>	<u><u>4,495,220.00</u></u>

The Financial Statements comply with IPSASs applicable to the URA and have been prepared on a going concern basis.

***Adoption of IPSAS***

The Financial Statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

In the current financial year, the URA has adopted all the International Public Sector Accounting Standards (IPSAS) that are relevant to its operations for the current year ended 30 June 2021 namely:

IPSAS 1 – Presentation of Financial Statements

IPSAS 2 – Cash Flow Statements

IPSAS 3 – Accounting policies, changes in Accounting Estimates and Errors

IPSAS 14 – Events After Reporting Date

IPSAS 17 – Property, Plant and equipment

IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets

IPSAS 20 – Related Party Disclosures

IPSAS 23 – Revenue from Non-Exchange Transactions

IPSAS 24 – Presentation of Budget Information in Financial Statements

IPSAS 39 – Employee benefits

**b) Revenue Recognition**

Revenue comprises mainly of government grants.

Grants received to meet recurrent expenditure and to finance capital expenditure are recognised in the Statement of Financial Performance in the year received.

**c) Expenditure**

Expenditure is recognised on accrual basis.

**d) Property, Plant and Equipment**

Property, Plant and Equipment are stated at historical cost less depreciation. Depreciation is the systematic allocation of funds representing the use of an asset over its useful life. Depreciation is provided on the straight-line basis so as to write off the depreciation value of the assets over their expected useful economic lives.

The annual rates of depreciation used for the purpose are as follows: -

❖ Motor Vehicle	❖ 20%
❖ Office Equipment	❖ 20%
❖ IT Equipment	❖ 20%
❖ Intangibles	❖ 20% -33.33%
❖ Furniture and Fixtures	❖ 10%

**d) Property, Plant and Equipment**

Depreciation is charged in the year of purchase on a pro-rata basis.

Items above Rs 10,000 are recognized as Property, Plant and Equipment provided they have an estimated economic life of more than one year. Items below Rs 10,000 may be aggregated and recognized as appropriate.

**e) Intangible Assets**

Intangible assets are recognised only if:

(a) it is probable that future economic benefits that are attributable to the assets will flow to the enterprise; and

(b) the cost of the assets can be measured reliably.

Computer software are recognised as intangible assets and amortised using the straight-line basis over their estimated useful life of 3-5 years.

**f) Cash and Cash Equivalent**

Cash and Cash Equivalent comprise of bank balances and cash in hand. Cash equivalent are short-term balances readily available.

**g) Provisions**

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**h) Comparative figures**

The current Financial Statements are prepared for a period of 12 months same as the previous Financial Statements.

Comparative figures have been restated where necessary.

**i) Currency and Rounding Off of Figures**

The figures in the Financial Statements are in Mauritian Rupees and have been rounded off to the nearest rupee.

***j) Related Party Transactions***

Related Parties are individual and Companies where the related party or the authority has the ability directly or individually to control the other party or exercise significant influence over the other party in making financial and operating decision. For the year under review, salaries / fees, and allowances paid to the Chief Executive Officer, Manager Administration Regulatory Partnerships, the Chairperson and Commissioners, as follows:

	<b>30-Jun-21</b>	30-Jun-20
	<b>Rs.</b>	Rs.
Chief Executive Officer	<b>4,697,899</b>	4,429,282
Manager Administration and Regulatory Partnerships	<b><u>1,246,430</u></b>	<u>1,198,647</u>
<i>Board Members</i>		
Chairperson	<b>1,320,000</b>	1,320,000
Commissioners	<b><u>2,026,364</u></b>	<u>1,380,000</u>

***k) Employee Benefits***

Employee benefits include passage benefits, gratuity and annual leaves which are measured at the undiscounted amount expected to be payable.

## 1. Property, Plant and Equipment

All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to acquisition of the items.

	<b>Motor Vehicle</b>	<b>Office Equipment</b>	<b>IT Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
<b>Cost</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
At 30 June 2020	1,199,000	326,130	1,202,063	1,102,522	3,829,715
Additions during the year	-	-	89,355	-	89,355
<b>At 30 June 2021</b>	<b>1,199,000</b>	<b>326,130</b>	<b>1,291,418</b>	<b>1,102,522</b>	<b>3,919,070</b>
<b>Depreciation</b>					
At 30 June 2020	601,799	93,245	323,274	142,994	1,161,312
Charge for the year	239,800	65,226	257,451	110,252	672,729
<b>At 30 June 2021</b>	<b>841,599</b>	<b>158,471</b>	<b>580,725</b>	<b>253,246</b>	<b>1,834,041</b>
<b>Net Book Value 30 June 2021</b>	<b>357,401</b>	<b>167,659</b>	<b>710,693</b>	<b>849,276</b>	<b>2,085,029</b>
Net Book Value 30 June 2020	597,201	232,885	878,789	959,528	2,668,403

## 2. Intangible Assets

<b>Cost</b>	
At 30 June 2020	730,820
Additions during the year	83,284
<b>At 30 June 2021</b>	<b>814,104</b>
<b>Depreciation</b>	
At 30 June 2020	124,377
Charge for the year	163,626
<b>At 30 June 2021</b>	<b>288,003</b>
<b>Net Book Value 30 June 2021</b>	<b>526,101</b>
Net Book Value 30 June 2020	606,443

### 3. Receivables

	30-Jun-21	30-Jun-20
	Rs.	Rs.
<i>Deposits</i>		
Parking	63,520	63,520
Rent of Building	1,476,237	1,476,237
Others	2,000	49,250
	<u>1,541,757</u>	<u>1,589,007</u>
<i>Prepaid Expenses</i>		
Servicing of Attendance Recording System	-	6,900
Renewal of Domain and Hosting of Website	4,033	13,271
Website Support Agreement, SSL Certificate & Others	80,978	-
Other Prepayments	6,071	50,667
	<u>91,082</u>	<u>70,838</u>
	<u>1,632,839</u>	<u>1,659,845</u>

Deposit for rent above includes a deposit for an additional floor for which the URA entered a rental agreement which became effective on 01 August 2020. However, around the year end the rental agreement was terminated. Request has been made by the URA to the Landlord to offset the deposit against arrears but after the year end, it is still on a negotiation stage between URA and the Landlord.

### 4. Cash and cash Equivalents

	30-Jun-21	30-Jun-20
	Rs.	Rs.
SBM Bank Balance	6,916,802	2,786,599
Cash in hand	12,960	16,981
	<u>6,929,762</u>	<u>2,803,580</u>

## 5. Payables

	30-Jun-21	30-Jun-20
	Rs.	Rs.
Accruals:		
Electricity	129,375	50,538
Telephone	21,456	7,277
PAYE	118,080	113,914
NPS	17,315	38,959
TDS	205,118	50,016
CSG	58,501	-
CSG refundable to employees	194,051	-
Medical Insurance	61,434	-
Uniconsults Ltd	14,950	5,750
IT Expenses	231,471	-
Rent of Building	1,766,406	-
Rent of Parking	-	16,100
Publicity	5,699	11,398
Audit Fees (Financial Years 2020 and 2021)	80,000	80,000
Other Payables	42,545	-
	<u>2,946,401</u>	<u>373,952</u>

## 6. Revenues

The Revenues comprise of grants received from the Ministry, training sponsorship received from the *Agence Française de Développement* (AFD) and the *Commission de Regulation de l'Énergie* (CRE), Funds for NAMA Projects and Other Income, as follows:

	30-Jun-21	30-Jun-20
	Rs.	Rs.
Grant from MEPU	27,000,000	17,800,000
Commission de Regulation de L'Énergie (CRE)	1,120,188	1,869,252
Nationally Appropriate Mitigation Actions (NAMA)	2,191,800	-
Other income	20,346	37,304
	<u>30,332,334</u>	<u>19,706,556</u>

## 6. Revenues (Continued)

### a. Revenue from Commission de Regulation de L'Energie (CRE)

The details of the revenue received from CRE during are as follows:

FY	Received (Euro Amount)	Received MUR Amount	MUR Spent	Remaining Balance as at 30 <sup>th</sup> June 2021.
2019-20	46,200.00	1,869,252.00	599,418.00	
2020-21	2,162.50	1,120,188.08	86,591.00	
<b>Total</b>	<b>48,362.5</b>	<b>2,989,440.08</b>	<b>686,009.00</b>	<b>2,303,431.08</b>

The Financial Partnership Agreement CRE/AFD/URA was signed in January 2020. The below CRE funded deliverables are to be achieved by December 2022:

Activity	Nature	Costs
Bilateral Meetings	Mission CRE in Mauritius	138 360 €
	Mission URA in Paris	52 280 €
Training	Ecole des Mines (BADGE) - 4 attendees	90 680 €
	Online Formation FSR	19 500 €
REGULAE.fr meetings (2020 - 2021)	Annual meeting in Africa Regulae	15 020 €
	Multilateral Workshop in Europe Regulae	15 740 €
Communication	Workshop / Public events (Missions 1 et 4)	72 550 €
LIVRABLES	Pilier 1	24 000 €
	Pilier 2	24 000 €
	Pilier 3	24 000 €
Hazard		23 870 €
<b>Total</b>		<b>500 000 €</b>

### b. Revenue from Nationally Appropriate Mitigation Actions (NAMA)

		Target Completion Date	Budgeted Cost Estimate (USD)
(a)	Drafting of Renewable Energy Metering Regulations	31 <sup>st</sup> March 2022	45,000
(b)	Drafting of Tariff Regulations	31 <sup>st</sup> December 2021	30,000
(c)	Development of Online Dashboard for Monitoring of Key Performance Indicator (KPI)	31 December 2021	25,000
(d)	Development of an Excel Based Tools for Tariff Calculation	31 <sup>st</sup> December 2021	4,000
	<b>Total</b>		<b>104,000</b>

During the Financial Year 2020/2021, half of the total amount for the projects, i.e., USD 52,000, has been received after signature of the agreement. The other half of the total amount will be received on completion of the deliverables, as per the conditions of the agreement.



## 7. Operating Costs

	30-Jun-21 Rs	30-Jun-20 Rs
Board Members' Fees	3,346,364	2,699,441
Staff Salaries	8,965,430	7,496,383
Travelling & Fuel Allowance	1,384,725	919,108
Other Allowances	2,652,902	2,419,375
Overtime	41,882	108,923
End of Year Bonus	793,021	643,344
Gratuity	1,552,492	1,585,000
Annual Leave Payment	649,856	792,500
Sick Leave Payment	145,422	-
Passage Benefits	518,209	375,180
Medical Insurance	307,170	-
NPF Contribution	204,601	336,301
CSG	582,145	-
Electricity	287,354	245,825
Telephone	91,170	87,584
Printing, Postage and Stationery	233,147	196,683
Fuel and Oil	17,552	50,437
Office Sundries	-	44,120
Rent of Building	6,345,088	2,316,149
Rent of Parking	-	88,550
Motor Vehicle Expenses	56,382	44,729
Depreciation and amortization of Non-Current Assets	836,355	641,133
Bank Charges	14,327	11,946
Overseas Mission	-	1,197,077
Consultancy Fees	-	533,554
Transport	76,500	161,650
Training	153,625	200,200
IT Expenses	278,375	-
Audit Fees	80,000	80,000
	<b>29,614,094</b>	<b>23,275,192</b>

## 8. Administrative Costs

	30-Jun-21	30-Jun-20
	Rs.	Rs.
Publicity	9,238	346,749
Miscellaneous expenses	328,622	579,835
	<u>337,860</u>	<u>926,584</u>

## 9. Employee Obligations

	30-Jun-21	30-Jun-20
	Rs.	Rs.
<b>Current Liabilities</b>		
Provision for Annual Leaves	711,175	699,425
Provision for Gratuity	1,390,400	1,366,900
Provision for Passage Benefits	418,133	410,070
	<u>2,519,708</u>	<u>2,476,395</u>
<b>Non-Current Liabilities</b>		
Provision for Annual Leaves	852,425	733,327
Provision for Gratuity	1,640,950	1,498,600
Provision for Passage Benefits	627,450	449,580
	<u>3,120,825</u>	<u>2,681,507</u>

## 10. New FEXTE Partnership

The Utility Regulatory Authority has signed an Agreement with the *Agence Française de Développement* (AFD) and the *Commission de Régulation de l'Énergie* (CRE), in which it is a beneficiary to receive grants to be used strictly for training purposes.

As at 30 June 2021, only a minor part of these grants has been received. In case the grants received or part thereof are unused, the unused amount is to be refunded back to the AFD and CRE.

## 11. Pending Litigation

There was no litigation pending.

## 12. Events after the Statement of Financial Position date

There have been no other material events after Statement of Financial Position date which would require disclosure or adjustment to the 30 June 2021 Financial Statements.



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