Electricity
Authority
of Cyprus

Annual Report **2011**

individual
actions,
individual
talents,
individual
identities.

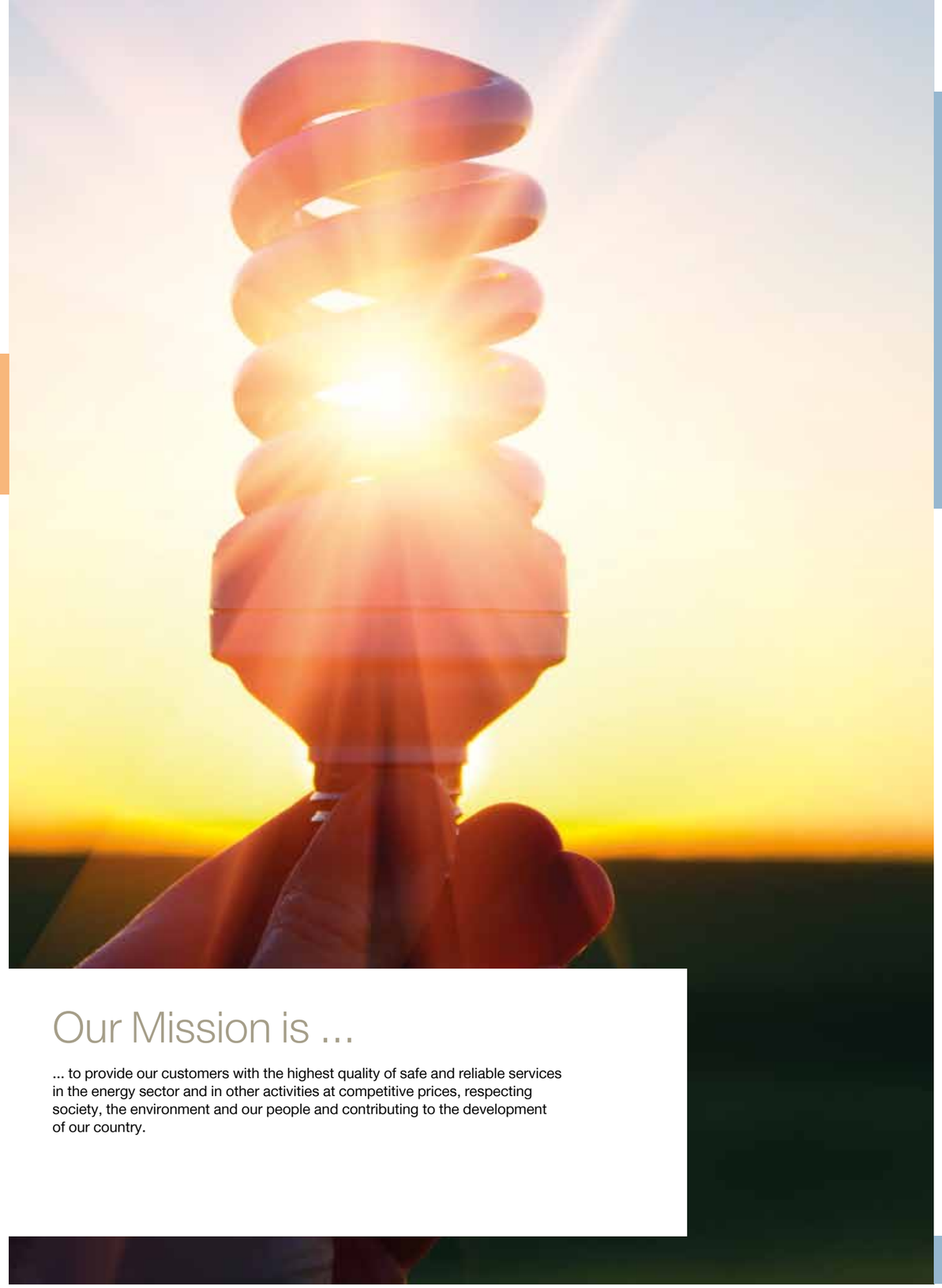
we all however,
share the same
desire to offer
a life filled with light
and an everyday
reality filled
with energy.

The Electricity Authority of Cyprus

The Electricity Authority of Cyprus is an independent, semi government corporation established under the Electricity Development Law Cap.171 of 1952 in order to exercise and perform functions relating to the generation and supply of electric energy in Cyprus.

The above definition is used in Cyprus for corporations which are independent and which were established in accordance with the relevant Law, in order to render services in the utility field. Such corporations are governed by Authorities, the members of which are appointed by the Council of Ministers.

In case of the Electricity Authority of Cyprus, the government, through the Minister of Commerce, Industry and Tourism, is empowered to give directives to the Authority on matters appertaining to the general interest of the Republic.



Our Mission is ...

... to provide our customers with the highest quality of safe and reliable services in the energy sector and in other activities at competitive prices, respecting society, the environment and our people and contributing to the development of our country.

Contents

The Year in Brief

		2011	2010	% Increase (Decrease)
GENERATION				
Total units generated	million kWh	4 726,8	5 204,9	(9,2)
Maximum output capacity of power stations	MW	964,6	1 438	(32,9)
Maximum demand met	MW	922	1 148	(19,7)
Thermal efficiency of generation	%	33,9	36,1	(6,1)
SALES OF ELECTRICITY				
Sales	million kWh	4 594,9	4 782,0	(3,9)
Consumption in the turkish occupied area	million kWh	7,0	7,8	(10,3)
Average charge per kWh sold	cents	18,632	16,232	14,8
Consumers at 31 December	thousand	543,9	535,1	1,6
FINANCE				
Total income	€ thousand	926.117	810.159	14,3
Operating costs	€ thousand	841.649	698.062	20,6
Operating profit	€ thousand	84.468	112.097	(24,6)
Finance costs	€ thousand	8.991	10.243	(12,2)
Tax	€ thousand	7.788	10.440	(25,4)
Provision as a result of Tax Council Decision	€ thousand	(1.896)	18.239	(110,4)
Net profit for the year	€ thousand	69.585	73.175	(4,9)
Capital expenditure	€ thousand	214.718	281.976	(23,9)
Average net assets employed	€ thousand	1.816.275	1.683.627	7,9
Return on average net assets employed	%	4,7	6,7	(29,9)
EMPLOYEES				
Permanent employees in service at 31 December		2 370	2 417	(1,9)
Sales per employee	million kWh	1,94	1,98	(2,0)
Consumers per employee		229	221	3,6

Board of Directors and Management

THE AUTHORITY

CHAIRMAN

H. Thrassou	Civil Engineer, MSc, ex Minister of Communications & Works

VICE CHAIRMAN

G. Pistentis	Businessman - Computers

MEMBERS

F. Ioannou	Economist of National Kapodistriako University, Athens, Bank Employee
P. Chadjicharalambous	Mathematics University of Leipzig, Germany
S. Shialaros	Greek Literature Teacher
Y. Ioannou	Business Management – Economics - Greece
C. Enotiades	Businessman – Economist (until 31/7/2011)
A. Tzitzos	Economist
A. Oratis	Mechanical Engineer – Teacher
K. Kyriacou	Managing Director Insurance Brokers & Risk Management (since 1/8/2011)

H. Thrassou
Chairman

G. Pistentis
Vice Chairman

F. Ioannou
Board Member

Y. Ioannou
Board Member

P. Chadjicharalambous
Board Member

S. Shialaros
Board Member

A. Tzitzos
Board Member

A. Oratis
Board Member

K. Kyriacou
Board Member

S. Stylianou
General Manager

LEGAL ADVISERS

Ioannides Demetriou, Lefkosia

AUDITORS

Auditor General of the Republic
PricewaterhouseCoopers, Lefkosia

EXECUTIVE

GENERAL MANAGER

S. Stylianou
BSc (Eng), PhD, MBA, MIMechE, CEng

EXECUTIVE MANAGER FINANCE

H. Hadjiyerou
FCA, MBA

EXECUTIVE MANAGER CUSTOMER SERVICE

Vacant
(since 1/9/2011)

G. Petoussis
Dip. Eng. CEng, MIET
(until 31/8/2011)

EXECUTIVE MANAGER NETWORKS

Vacant
(since 1/8/2011)

A. Avraamides
BSc (Eng), CEng, MIET
(until 31/7/2011)

EXECUTIVE MANAGER GENERATION

A. Patsalis
BSc (Eng), MIOSH

EXECUTIVE MANAGER COMMON SERVICES

A. Valanides
BSc Computer Science
Member of Cyprus Computer Society

EXECUTIVE MANAGER CORPORATE DEVELOPMENT

N. Papadopoulos
BSc (Eng), CEng, MIET, CDipAF

Chairman's Message

In a year during which the financial crisis left its mark all over Europe and the difficulties facing every sector of the Cyprus economy were enormous, the explosion at the naval base at Mari in July 2011 caused even more problems for Cyprus in general and for the Electricity Authority of Cyprus in particular.

During the first months of 2011, and in particular during the months that followed the destruction of Vasilikos power station, the work carried out by the EAC was, under the circumstances, extremely significant and noteworthy. Despite the additional problems caused by the explosion at Mari in the morning of 11 July, everyone at the EAC fought real battles for days on end to ensure that the problems of providing an adequate supply of electricity to all our customers were kept to a minimum. At this point I wish to express my thanks to all members of the Authority's personnel for their zeal and industriousness and for the willingness they showed so that, together, we were able to keep the EAC standing and provide an uninterrupted power supply within just one month after 11 July.

The entire planning process for the immediate and smoothest possible response to the island's energy needs and its subsequent implementation were carried out in conjunction with all the other involved services with the sole aim of causing the least possible inconvenience to consumers. The mechanism that was activated, as well as the cooperation between the EAC and all the other responsible bodies and services, such as the Cyprus Energy Regulatory Authority (CERA), the Transmission System Operator (TSO) and the Ministry of Commerce, Industry & Tourism, soon brought extremely positive results. Our main concern now is to restore all the Generation Units at Vasilikos power station to normal operations as quickly as possible.

So with the Mari explosion and its aftermath as our backdrop, I shall attempt to review 2011.

Financial situation

The figures contained in this annual report show our Organisation's financial situation. The fact that oil prices reached extremely high levels on the international market resulted in fuel costs for generating electricity for the year representing some 64% of the EAC's total costs. This percentage reflects the long-term dependence of the EAC and the country at large on international oil prices for power generation. The EAC's need to end its dependence on oil and its by-products is of the highest priority.

Natural Gas

Work continued by the Ministry of Commerce, Industry & Tourism, the Natural Gas Public Company (DEFA) and other bodies to ensure the fastest possible advent of natural gas in Cyprus. Its importance is enormous since it will determine significant developments in the state's energy policy with

huge economic ramifications. For the EAC, the advent of natural gas means losing its dependence on oil for the generation of electricity with positive effects on generation costs and the environment but also, in the final analysis, on the price per kWh.

Generation System Development

During 2011, the EAC completed some important infrastructure projects concerning both the generation and the transmission/distribution of electricity.

More specifically, in the generation sector, the most important EAC project in 2011 was the completion of work on Unit No. 5 which was brought into open cycle operation on 1 July 2011. Unfortunately, the explosion at the Mari naval base on 11 July brought a halt to its operations.

Following the explosion at Mari, temporary internal combustion units with a total capacity of 165 MW were installed at the Dhekelia, Moni and Vasilikos power stations so as to reinforce the EAC's generation capacity in response to the relevant CERA directive.

From the day of the explosion and ever since, our main objective has been to ensure the timely delivery of all the replacement parts required for all the units at Vasilikos power station and to carry out the fastest possible repairs to the station so as to bring it back to full operation.

Transmission/Distribution System Development

During 2011 a good number of projects were completed in the Transmission/Distribution System sector. Projects carried out cover constantly increasing requirements for electricity whilst increasing the reliability of the Transmission System.

During the period under review, the installed capacity of the Distribution System rose by 338,5 MVA, at a cost of around €35,4 million.

With the aim of extending and developing the Transmission system, in 2011 the study sections of the Area Offices carried out 6 557 studies compared to 7 431 in 2010. The cost of the construction projects for the extension and development of the transmission system amounted to €64 million compared to €65 in 2010.

Renewable Energy Sources (RES)

On the list of priority issues for the EAC Board of Directors, encouraging the installation and operation of systems using Renewable Energy Sources (RES) has a special place.

Chairman's Message

The EAC maintains a harmonious cooperation with the Energy Institute of the Ministry of Commerce, Industry & Tourism as well as with the Cyprus Energy Regulatory Authority (CERA) and the Transmission System Operator (TSO) for a joint approach on the issue of RES. All possible technical assistance is provided to interested parties and priority is given to the examination of applications to install Units that generate electricity using RES.

Having given particular significance to the issue of Renewable Energy Sources, the EAC is studying various proposals for the undertaking of joint ventures with the aim of generating electricity from RES. Specifically, a study is being undertaken for the establishment of a solar thermal power plant at Akrotiri, Lemesos, on land belonging to the Lemesos Bishopric.

Moreover, the terms and conditions have been examined for covering the parking area at Larnaka International Airport with photovoltaic modules with a total capacity of 4,5MW, making it a pioneering 'Green Airport', while a call for tenders has been issued for the establishment of a photovoltaic park at the Tseri substation.

In addition to these, the EAC will take part in the public tender that the government intends to issue for photovoltaic parks up to 10MW and it is looking into the possibility of its involvement in consortia for the establishment and operation of wind parks.

In the framework of the EU's NER300 funding programme for low-carbon energy projects, the relevant documents have been prepared and six applications have been submitted for the funding of RES projects in which the EAC is participating.

Customer Service

In April 2011, the Faults Reporting and Complaints Service began operating from the Contact Centre. The aim of this service is to provide customers with a full, top quality telephone response during major faults causing lengthy power cuts as well as during daily, isolated faults on the EAC network, on customer premises and those affecting street lighting. Furthermore, customer complaints are recorded concerning the EAC network such as tree pruning, street lighting problems, etc.

Customer calls are routed via the islandwide four-digit number 1800 to Customer Service Officers at the Contact Centre where the faults are recorded automatically and subsequently reported to Area technical crews for repairs.

At the beginning of 2012, the Contact Centre will also provide a New Applications Service, initially serving the Ammochostos and Larnaka districts. Customers will be able to dial the islandwide four-digit number 1802 to be informed either automatically or by a Contact Centre officer about the documentation required to accompany an application for electricity supply and about what stage their application has reached. This service will gradually be extended to the other Areas.

Corporate Social Responsibility

During the first six months of the year, the EAC continued its support for Associations and Organisations in the sectors of health, environmental protection, sport and the arts as well as for the families enclaved in the occupied north of the island. Unfortunately, due to the tragic accident at Mari and the reduction of the necessary budget, the EAC's corporate social responsibility programme has been put on hold since July 2011.

Thanks

To conclude this brief review of the past year, I wish to extend special thanks to both Ministers of Commerce, Industry & Tourism – Antonis Paschalides and Praxoulla Antoniadou – for their cooperation in 2011 and to all those at the Ministry. I also want to assure the new Minister of Commerce, Industry & Tourism, Neoklis Sylikiotis, that this cooperation will continue in the future.

I also thank the Government, the House of Representatives, CERA, the TSO, the Auditor-General of the Republic, the Accountant-General of the Republic, all the government bodies and local authorities with which the EAC has cooperated, as well as the representatives of the Media for their promotion of the EAC's work and, in particular, for the total cooperation we enjoyed last summer in keeping consumers informed on a daily basis about scheduled power cuts, for their participation in the efforts made to cultivate the need to save energy and for their decision to publish/transmit all the relevant announcements by the EAC free of charge. Additionally, I wish to express my thanks to Cyta and MTN for their cooperation in providing timely information to the public about the schedule of power cuts during the crucial period up to the middle of August 2011.

Finally I would like to thank all my colleagues on the EAC Board of Directors, the General Manager Dr. Stelios Stylianou and the members of the Organisation's management team, as well as the leaders of the EAC Staff Unions.

I wish to express special personal thanks once again to every member of the EAC's personnel for the incomparable zeal and self-denial that they showed during the difficult days of July 2011 that we all experienced and which, through their stance and industriousness, helped the Organisation to handle in the best way possible the consequences of that catastrophic morning of 11 July and the proper management of the resulting energy crisis.

I am certain that with the mutual cooperation and accord of the Board, Management and Personnel, the EAC will deal successfully with the challenges and problems in the new competitive environment that has been created in the electricity sector.

Haris Thrassou
Chairman

General Manager's Message

This year's annual review of the Organisation's achievements is, unfortunately, overshadowed by the catastrophic explosion of 11 July 2011 at the Mari naval base which resulted in the almost total cessation of operations at Vasilikos power station.

Despite the fact that, during the first months of 2011, the EAC had achieved considerable progress and was on the way to getting back on an improved, optimistic course, the explosion at Mari also ruined our forecasts and expectations.

The main concern of everyone within the EAC after the events of 11 July was to secure an uninterrupted supply of electricity for consumers. In the immediate aftermath, the EAC in close cooperation with the Ministry of Commerce, Industry & Tourism, CERA, the TSO and other responsible bodies, implemented a raft of decisions and actions with the immediate objective of installing temporary generators with a total capacity of 165 MW.

As a consequence of these measures, a marginally adequate amount of generated power was obtained and, as a result, the schedule of power cuts that was implemented immediately after the explosion came to an end in the middle of August 2011.

At the same time, the intensive efforts aimed at restoring the whole system at Vasilikos power station led to rapid initial results with the station's 38MW gas turbine being repaired and brought into operation on 17 August 2011.

The Electricity Authority is in the process of repairing Vasiikos power station and to this end a large working group has been set up. The project team's objective is the fast, safe and financially viable restoration of the power station to full operations.

Although the final repairs schedule is still under development, since the detailed assessment of the damage is ongoing, we aim to reduce the financial effects, mainly by reducing generation costs to their previous level as quickly as possible. Our main priority is the fastest possible repair and full energising of Generation Units No. 4 and No. 5 so as to respond to the high demand for electricity in summer 2012.

Initial assessments of the damage to Units No. 1, 2 and 3 have been completed, thus providing a better picture by which to calculate the cost of repairs.

The revised restoration schedule is as follows:

1. Unit No. 5: availability for open cycle operation (2 X 75 MW) at the beginning of July 2012 and combined cycle (total capacity 220 MW) at the beginning of August 2012.
2. Unit No. 4: availability for open cycle operation (75 MW) in September 2012 and a further 75 MW in October 2012.
3. Unit No. 4: availabilty for combined cycle operation (220 MW) by the end of 2012.
4. Unit No. 3: availability (130 MW) likely at the beginning of 2013. This will be confirmed as soon as the detailed assessment of the damage is completed.
5. Units No. 1 and 2 (130 MW each): available before summer 2013. This will be confirmed as soon as the detailed assessment of the damage is completed.

It must be stressed that the restoration schedule depends to a great extent on various other factors that the EAC is monitoring closely as it works systematically to ensure that the timetable is maintained.

During 2011, the installed capacity of the transmission substations increased by 338,5 MVA. Specifically, in May 2011, the 132/22-11kV Vasilikos South substation was energised. However, since the 11 July catastrophe, it has remained out of operation.

Moreover, during 2011 the following 132/22-11kV substations were energised: Lakatamia and New Pafos (February), Amathus (May), Psevdas (August) and Alexigros (November).

Other transmission substations on which important work was carried out were the 132/66/22-11kV Trimiklini substation and the 132/22-11kV Stroumbi, Athienou and Xeropotamos substations.

During 2011, work continued at a rapid pace on the new Pafos Area Offices which, according to the timetable, are due to be delivered to the EAC in summer 2012.

In the framework of the decision by the Cyprus Energy Regulatory Authority (CERA) on the gradual rebalancing of tariffs and the eventual abolition of cross-subsidisation, following a series of negotiations with CERA in 2011, the EAC proposed various possible scenarios for the rebalancing of tariffs.

By decision 686/2011, CERA approved the rebalancing of the EAC's tariffs which involves increases and reductions in various customer categories. The purpose of these is the gradual removal of cross-subsidies among consumer categories which do not provide any financial benefit to the EAC. In accordance with CERA's decision, the EAC revised its existing tariffs and introduced new charges based on a basic fuel cost of €300 per metric tonne in compliance with the above decision. The new tariffs were approved by CERA and will be published in the official Gazette of the Republic at the beginning of January 2012.

General Manager's Message

At this point I would like to express particular thanks to the Chairman of the EAC Board, Haris Thrassou, and to the other Members of the Board for their cooperation and I wish to assure them that this cooperation will continue with the sole aim of securing our Organisation's progress and our Personnel's welfare.

To conclude this brief message I would like to express my warm thanks to all my colleagues and, in particular, to the Executive Directors of the Business and Management Units for their superb cooperation, and to all the EAC Staff Unions.

It would be an omission on my part not to express my warm thanks to every member of the EAC staff for their zeal, hard work and willingness to help, especially during the difficult days in July and August 2011, which kept the EAC and the country's economy strong, showing once again the quality and ethos of our personnel.

After 60 years of existence, our experience and our technology, combined with our industriousness, increased productivity and the services that we are constantly upgrading in order to provide the best possible customer service, will enable us to strengthen the Authority even more during the hard battles that it will be called to fight in the future.

Dr. Stelios Stylianou
General Manager

Business and corporate units

Generation Business Unit

GENERATION OF ELECTRIC POWER

During the year 2011, the Electricity Authority of Cyprus continued the implementation of its operational and development program, which provides for the full utilisation, maintenance and extension of the existing Vasilikos, Dhekelia and Moni Power Stations.

Unfortunately on July 11th 2011, due to an explosion at the adjacent Mari Naval Military Base, Vasilikos Power Station suffered extensive damage which has caused the complete interruption of its operation.

Immediately after the incident a series of decisions and actions were taken to install and operate temporary generating units. The installation and operation of existing standby generators was mandated by the Energy Regulator. To that extend the Electricity Authority of Cyprus has collaborated closely with the generator owners, offering technical support and planning.

The Israel Government offered standby generators, totaling 15MW, which were installed on the distribution networks within the 2nd week after the incident.

An agreement was reached for the supply of up to 120 MW from a Power Company operating in the Turkish Occupied Areas. This supply was made possible under the green line trade collaboration between the two communities. Initial connection took place on the 16th July 2011 and the current agreement expires on the 29th February 2012.

The Greek Government, through the Public Power Company (PPC), has mobilized 71,6 MW of temporary generating units. These units were installed in the Vasilikos Power Station Area, and have been operating since the beginning of August 2011. The lease contract has since been extended by EAC for an additional six month period.

The Vasilikos Power Station Black Start Gas Turbine (38 MW) was restored and put in operation by August 17th.

The Electricity Authority of Cyprus has contracted, in accordance with the Cyprus Energy Regulating Authority Decision, temporary generating units with a total capacity of 95 MW, for a six month period. The initial request for proposal was issued on July 13th and contract award was on July 30th. These generators have been in operation in Dhekelia Power Station since the 28th of August and in Moni Power Stations since the 3rd of September 2011. The combination of the above measures has ensured that the electricity system has enough, albeit marginal, capacity to meet the electricity demand, and the rotating power cuts have effectively stopped since mid August.

Generation Business Unit

The Electricity Authority of Cyprus is proceeding with the restoration of the Vasilikos Power Station, and to that effect a large Restoration Project Team has been established. The mission of the Project Team is the speedy, safe and cost effective return of the station to full operation.

Though the final restoration schedule is still being developed, as the detailed damage assessment is still ongoing, the targets of the restoration are set with an aim to reduce the economic effects, mainly by reducing the electricity cost to its prior level, the soonest possible.

VASILIKOS POWER STATION

Vasilikos Power Station, with an installed capacity of 648 MW (3 X 130 MW Steam Units, 220 MW CCGT Unit No. 4 and 38 MW Gas Turbine Unit) before the explosion at the adjacent Mari Naval Military Base, as well as another 71,6 MW from temporary internal combustion engines (19 Units with a total capacity of 26,6 MW from TERNA and another 60 Units with a total capacity of 45 MW from DAMCO) installed after the explosion, generated in 2011, 1 650 547 MWh, which corresponds to 34,92% of the total electricity generated from the Authority's Power Stations. During the same period the Station exported, 1 565 802 MWh, which corresponds to 34,73% of the total electricity exported from the Authority's Power Stations. That CCGT Unit No. 5 with a total capacity of 220 MW operated on an open cycle basis (total of 145 MW) from the 1st of July up until the date of the explosion.

The thermal coefficient of efficiency of the Steam Units, for units generated, reached 38,63%, for the CCGT Unit No. 4 reached 45,15% whereas the corresponding thermal coefficient of efficiency for the Gas Turbine reached 18,77%.

Moreover, the thermal coefficient of efficiency of the Steam Units, for units exported, reached 36,27%, for the CCGT Unit No. 4 reached 43,77%, whereas the corresponding thermal coefficient of efficiency for the Gas Turbine reached 17,84%.

RESTORATION OF THE VASILIKOS POWER STATION

As mentioned earlier, due to an explosion at the adjacent Mari Naval Military Base on the 11th of July 2011, Vasilikos Power Station interrupted its operation due to severe and extensive damages. As a result, 793 MW of the EAC's total generation capacity was lost. The Vasilikos Power Station is the newest and largest Power Station on the island, contributing over 50% to the generation system capacity and 60% to the energy production.

The Vasilikos Power Station Restoration Project

The Vasilikos Power Station restoration project is proceeding as planned, with satisfactory progress to date.

The bulk of the work accomplished so far refers to civil engineering works; debris removal, structural stabilization and reconstruction have been completed and building restoration is in progress, for all the Power Station's buildings.

Generation Business Unit

The critical replacement parts for the reconstruction of Units No. 4 and 5 have been ordered from the OEMs and initial deliveries have already taken place. It is planned that further part deliveries will continue throughout the Spring. Additionally EAC is currently in negotiation with the contractor of Unit No. 5 for the conclusion of a restoration contract for Units No. 4 and 5.

Initial damage assessments of Units No. 1, 2 and 3 have already been completed and evaluated, thus giving more clarity as to the extent of damage and the cost of repairs. Detailed damage assessment is still ongoing.

Restoration Cost

Based on the more detailed and complete damage assessment currently available, and also on the contract values awarded so far, EAC is in a position to quote a restoration cost of approximately €220 million. Due to the fact that investigations are still in progress on major parts of the Plant, the exact extent of the damage cannot be verified completely at this stage and this estimate is given as a “most likely” cost estimate, noting that several factors may drive the cost either higher or lower.

Restoration Schedule

The revised restoration schedule outline is as follows:

1. Unit No. 5 availability, in combined cycle configuration (220 MW) by beginning of July 2012.
2. Unit No. 4 availability, in open cycle configuration (75 MW) in late July 2012 and another 75MW by late September.
3. Unit No. 4 availability, in combined cycle configuration (220 MW) by late 2012.
4. Unit No. 3 availability (130MW) possible by beginning of 2013. This milestone is yet to be confirmed by detailed damage assessment.
5. Units No. 1 and 2 (130 MW each) available by end of 2013. Exact dates to be set after completion of damage assessment.

It is stressed that the restoration schedule is heavily dependent on a number of critical tasks, which EAC is closely monitoring and actively working to maintain on schedule.

Insurance coverage

EAC’s insurance companies have lifted their reservation of rights and have accepted liability for the cost of restoration of the Power Station and interim payments have already been made.

Generation Business Unit

DHEKELIA POWER STATION

Dhekelia Power Station, with an installed capacity of 460 MW (6 x 60 MW Steam Units and 100 MW for Internal Combustion Engines (ICE1 & ICE2) Plants) before the explosion at Mari Naval Military Base, as well as another 60 MW from temporary internal combustion engines (57 units from ENERGY INTERNATIONAL LTD) installed after the explosion, generated in 2011, 2 560 819 MWh which corresponds to 54,17% of the total electricity generated from the Authority's Power Stations. During the same period, Dhekelia Power Station exported, 2 451 879 MWh which corresponds to 54,38% of the total electricity exported from the Authority's Power Stations.

The thermal coefficient of efficiency of the Steam Units, for units generated, reached 30,70% whereas the corresponding thermal coefficient of efficiency for the Internal Combustion Plants reached 42,16%.

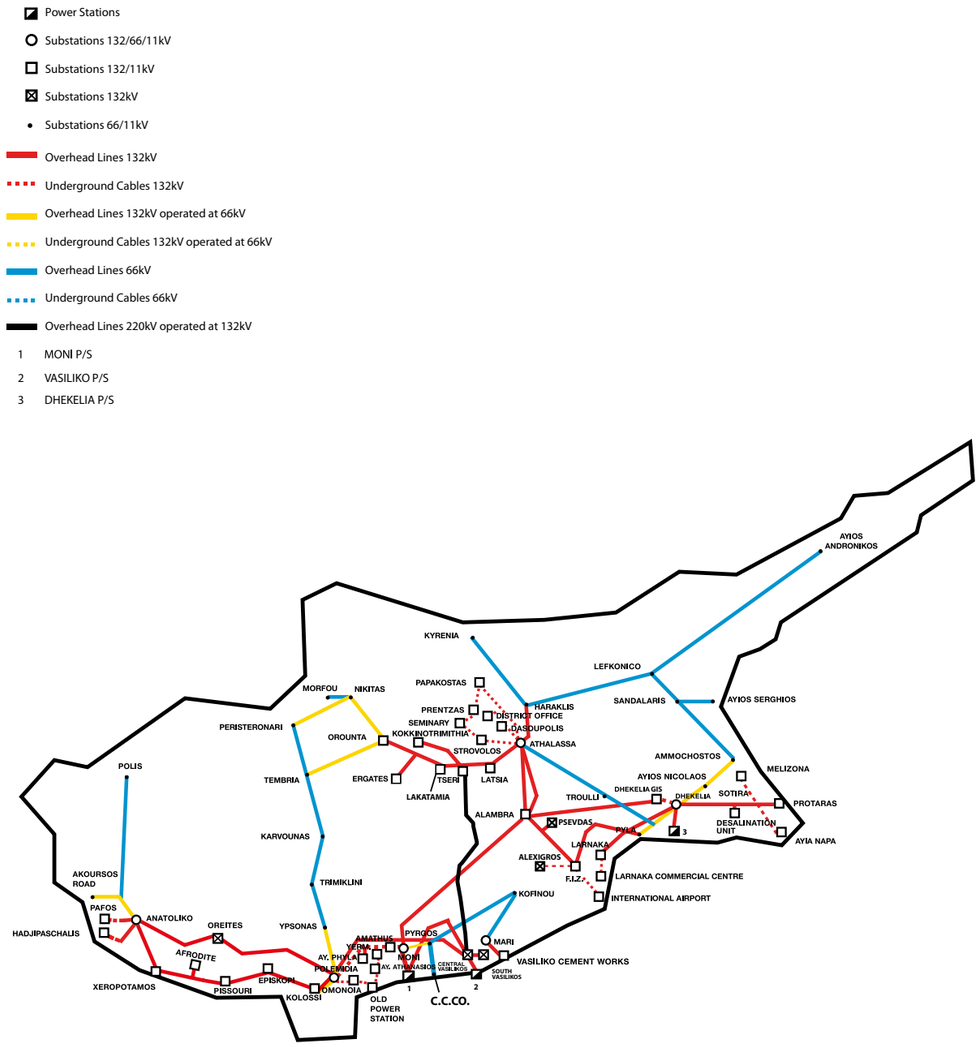
The thermal coefficient of efficiency of the Steam Units, for units exported, reached 29,15% whereas the corresponding thermal coefficient of efficiency for the Internal Combustion Plants reached 41,30%.

Maintenance

During the period January-December 2011 the annual maintenance of Units No. 1, 2, 5 and 6 was completed. During the same period the annual maintenance of Unit No.4, which began in 2010, was also completed. The annual maintenance of the Units included all the mechanical and electrical equipment, transformers, auxiliary equipment and repairs of various defects. Moreover in Units No. 5 and 6 the generator exciter air cooler pipes were replaced with new ones. Moreover in Units No. 3 and 4 the electro-hydraulic control system for the turbines was upgraded. In Unit No. 4 the pilot exciter was replaced with a new one.

The temporary internal combustion engines (57 units from ENERGY INTERNATIONAL LTD) with a total capacity of 60 MW were successfully installed and connected to the grid system in the area of the old Dhekelia 'A' Power Station.

The 1st Phase of the new GIS, onto which the ICE1 and ICE 2 were connected, was successfully completed.



Generation Business Unit

The maintenance for the 4 000, 6 000 and 9 000 operating hours for ICE2 were carried out. In the same units a number of faulty bearings were replaced by the manufacturer.

MONI POWER STATION

Moni Power Station, with an installed capacity of 300 MW (5 x 30 MW Steam Units and 4 x 37,5 MW Gas Turbine Units) before the explosion at Mari Naval Military Base, as well as another 35 MW from temporary internal combustion engines (37 units from ENERGY INTERNATIONAL LTD) installed after the explosion, generated in 2011, 515 518 MWh which corresponds to 10,91% of the total electricity generated from the EAC's Power Stations. During the same period the Station exported 490 822 MWh, which corresponds to 10,89% of the total electricity exported from the Authority's Power Stations.

The thermal coefficient of efficiency of the Steam Units for units generated reached 25,47% whereas the thermal coefficient of efficiency for the Gas Turbines was 26,09%.

Moreover, the thermal coefficient of efficiency of the Steam Units for units exported reached 23,98% whereas the corresponding thermal coefficient of efficiency for the Gas Turbines reached 25,84%.

Maintenance

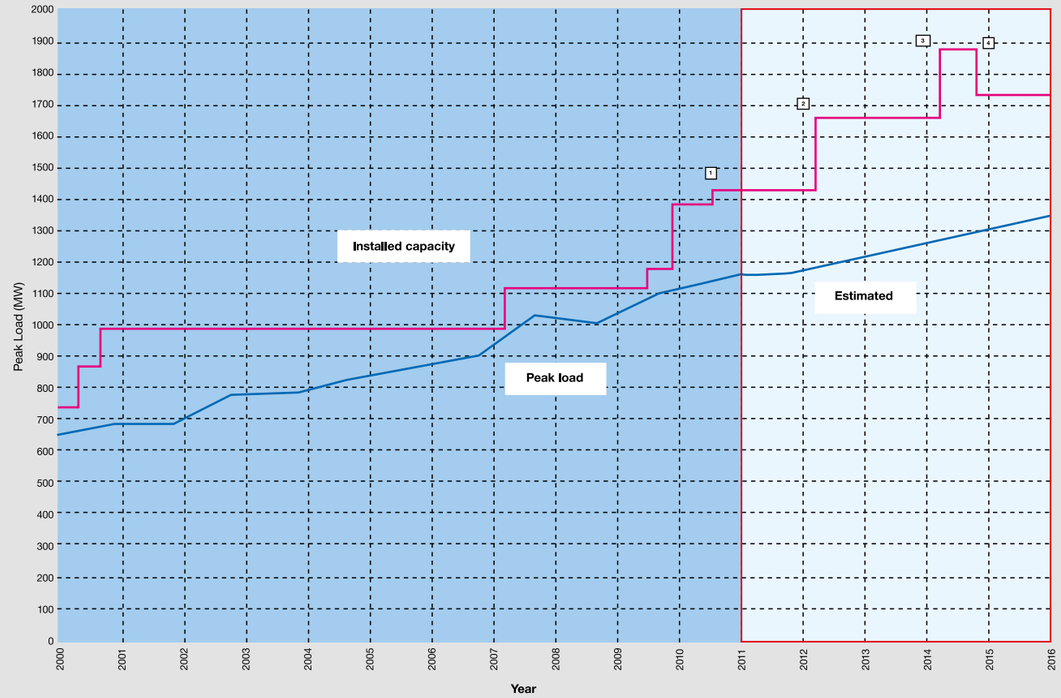
During the period January-December 2011, the annual maintenance of Steam Boilers No.3 and 4 was completed. The yearly maintenance of the Boilers included visual checks and cleaning of all parts, various repairs inside the boiler, replacement of superheater tubes, which have reached their design limits, with other better quality material tubes and repairs in the air and flue gas ducts in order to avoid leakages.

During the same period the annual overhaul of Steam Turbines No. 4, 5 and 6 was completed.

The annual maintenance of the above Turbines included all the electrical equipment, transformers and auxiliary equipment.

The Station moorings were inspected and maintained by an external Contractor whereas seven flexible hoses were replaced with new ones.

Figure 1



DEVELOPMENT PLAN OF EAC

(1) COMMISSIONING 145 MW (COMBINED CYCLE UNIT No. 5 – OPEN CYCLE, VASILIKOS) - 2011 (July)
(2) DE-COMMISSIONING 1 x 30MW = 30MW (ONE STEAM UNIT, MONI) - 2011
(3) COMMISSIONING OF ADDITIONAL 75 MW (COMBINED CYCLE UNIT No. 5, VASILIKOS) - 2012 (Beginning)
(4) COMMISSIONING 1 x 220 MW (COMBINED CYCLE UNIT No. 6) – 2015 (Beginning)
(5) DE-COMMISSIONING 5 x 30MW = 150MW (STEAM UNITS, MONI) - 2015 (end)

It is estimated that the steam units at Moni P/S will be taken out of service at the end of 2015.

Generation Business Unit

MONI POWER STATION DEVELOPMENT WORKS

The building works for the construction of pumping wells and the installation of pipes from the Station's pumping station to the SALA pumping station were completed. A grease trap for the needs of the restaurant was installed and the connection permit of the Station's pumping station to the SALA pumping station was eventually approved.

Figure 2

TOTAL GENERATION
(Million kWh)

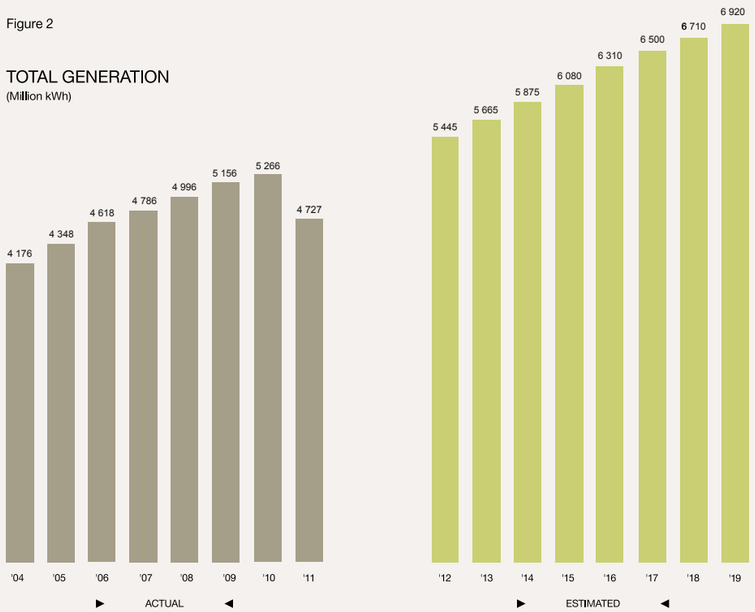
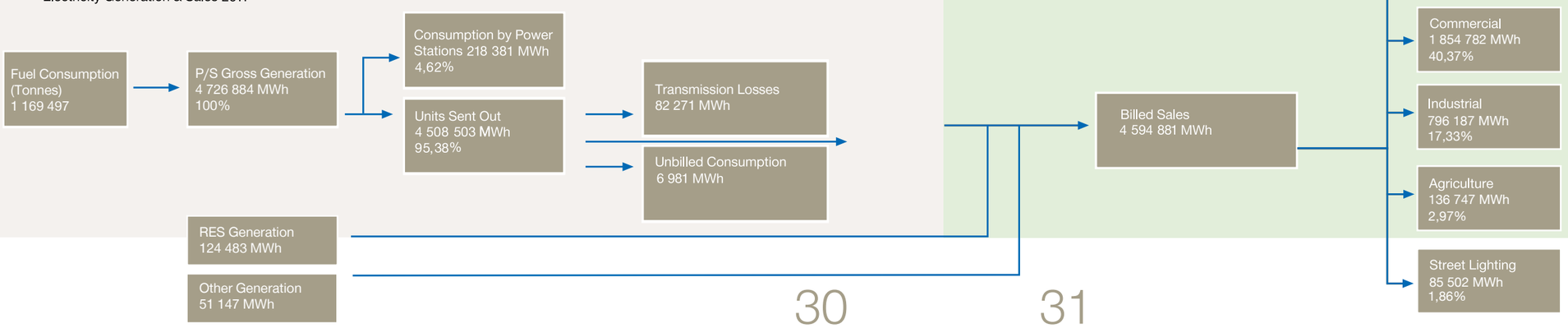


Figure 3

Electricity Generation & Sales 2011



The works for the installation of the auxiliary steam boiler were completed. On 4/4/2011 the steam boiler arrived at the station and was placed in its position and the construction of the shelter was immediately begun. A system was installed for the interruption of power supply of the building against fire and high temperatures.

The new desalination plant inverse osmoseos was installed by the company Chemitec / Protecno Srl. south of the Station. All the plastic tubing and fittings were installed by the Station staff in cooperation with representatives of the company.

The installation of 37 temporary internal combustion units with a total capacity of 35MW ENERGY INTERNATIONAL Company, in the north side of the Power Station, was completed. The rarious site preparations were made by the Station staff in collaboration with the Contractors.

Generation Business Unit

ENVIRONMENTAL ISSUES

For the protection of the environment and the continuous monitoring of the air quality, six mobile air quality units, two for each Power Station, were in continuous operation at selected sites in the vicinity of the Power Stations during 2011. These fully equipped units are capable of monitoring the ground level concentrations of dust, nitrogen oxides (NOx), sulphur dioxide (SO_2), carbon dioxide (CO) and ozone (O_3). The units are also capable of measuring other meteorological data such as the wind speed and direction, the air temperature and the relative humidity.

STUDIES

Officers of the Generation Business Unit were involved in the procedures required for the Accession of Cyprus in the European Union and the effects these will have on EAC operation and more specifically in matters involving the environment and the generation of electricity.

The Generation Business Unit prepared the verification report with calculations of the carbon dioxide CO_2 emissions for the period January-December 2010 based on the greenhouse gas Emissions Trading Directive. This report was subsequently verified by an external consultant and submitted to the Ministry of Agriculture, Natural Resources and Environment.

SYSTEM OPERATION

Electricity supplied

In 2011 the total number of units generated by the EAC's three Power Stations was 4 726 884 108 kWh, compared with 5 204 897 000 kWh in 2010, representing a decrease of about 9,19% over the previous year.

Figure 2 (page 30) shows the total number of units generated annually from 2004 to 2011. The predicted generation for the period 2012 – 2019 is also shown.

Generation, Transmission and Distribution Losses

Electricity consumption at the power stations amounted to about 4,62% of the total generation, compared with 5,2% the previous year.

Figure 3 (page 30) shows electricity generation and sales distribution of sales to the various consumer categories.

Fuel Consumption

The amount of heavy fuel oil consumed by the power stations totalled 1 057 815 metric tonnes, compared to 1 053 038 metric tonnes the previous year, representing an increase of 0,45%.

The total quantity of diesel fuel consumed by the power stations was 111 682 metric tonnes, compared to 157 504 metric tonnes consumed during 2010.

The average calorific value of the fuel oil used was 42 963 kJ/kg compared to 42 906 kJ/kg in 2010.

Plant Efficiency

Average generating system efficiency in 2011, based on the total units generated by the EAC's three power stations, was 33,87% compared with 36,08% in 2010. The heat rate per kWh generated was 10 630 kJ/kWh compared to 9 979 kJ/kWh in 2010.

Due to the explosion at the Mari Naval Base and the damages of the Vasilikos Power Station premises, the obligatory use of the temporary generating units for the coverage of electricity demand, resulted to the decrease of the average generating systems efficiency of the three EAC Power Stations.

Networks Business Unit

The Networks Business Unit is the EAC's largest unit and is responsible for the development, maintenance and management of the National Transmission and Distribution Networks.

Moreover, the Networks Business Unit is the Distribution System Manager (DSM) responsible for the operation of the Distribution System.

The Networks Business Unit includes the Network Development Project Dept., the Network Study and Planning Dept. and the four (4) EAC Area Offices as well as the Electronics and Communications and Civil and Building Works sections.

ENERGY CRISIS MANAGEMENT AFTER THE MARI EXPLOSION

Following the tragic events of 11 July 2011 which led to the loss of 53% of the EAC's installed capacity, the Networks Business Unit played a leading role in the successful management of the resulting crisis, in cooperation with the Crisis Management Group set up by CERA, of which the Executive Manager Networks is a key member.

This was confirmed by the report of the representative of the UK company National Grid who was in Cyprus at the time as an envoy of the UK Foreign Office to provide advisory services if needed during the crisis management period. The representative not only praised the handling of the crisis but wrote a report in which a considerable number of the actions taken by the EAC were presented as suggestions that National Grid should include in its own crisis management plans.

In summary, the Networks Business Unit took the following actions:

(a) Load Management based on the reduced available generated power

From the second day of the crisis, the proper management and allocation of the available power, which was restricted to about 60% of demand, became a priority with the aim of protecting the country's economic activity. In conjunction with the Transmission System Operator (TSO), 22 Power Cut Groups were drawn up and operated, making use of the limited power supply available from the Dhekelia and Moni power stations.

Power cuts were organised in such a way as to fulfil strict criteria based on the following: ensuring the basic functions of the State, providing an uninterrupted supply of electricity to hospitals, industrial units and industries that could not stop production, and to tourist areas.

(b) Resumption of operations of the 132kV substation at Vasilikos

Within a very short time, EAC employees had worked to carry out all the necessary repairs to equipment and overhead power lines and to bring the Vasilikos 132kV transmission substation back into operation since this was essential for the interconnection of the Lemesos and Pafos districts with the rest of the Transmission Network.

Following continuous and intensive work, the Vasilikos South substation returned to full operations on 5 August 2011, thereby enabling the connection of temporary generators transported from Greece with a total capacity of 70MW.

(c) Installation of Temporary Generators

A large number of employees from the Area Offices and departments of the Networks Business Unit, with a variety of specialist knowledge, worked hard to successfully install temporary generators at the Vasilikos, Dhekelia and Moni power stations within the narrow timeframe that circumstances dictated. The main tasks were the following:

- Preparation of grounding grids and positioning of medium and high voltage connecting cables at the power stations.
- Installation of 73 MVA and 40MVA transformers at the Dhekelia and Moni power stations respectively.
- Change of cables and installation of 132kV terminals at Vasilikos power station (they were broken by shrapnel from the tragedy) and at Dhekelia.
- Positioning of power transformers and relays in all power stations to protect the equipment.
- Pre-operational testing, connection and operation of all equipment.

(d) Operation of Small Generators by individuals/EAC

After coordinated, persistent and laborious efforts, the Networks Business Unit succeeded in exempting from the fuel adjustment charge those consumers who used their own generators and arranged the issuing of special forms required by the Department of Customs and Excise for this purpose. This helped substantially in the increased use of privately-owned generators during times of inadequate supply to relieve the problem.

At the same time, support groups were set up in all Areas to provide assistance to consumers who were operating backup generators to cover their load or part of it.

Furthermore, small electricity generators with a total capacity of 15 MW were installed by the EAC on the Distribution Network to boost power generation. These were provided by the State of Israel and by DELEK and EDT Offshore.

(e) Reconnection of the Transmission Network with the Occupied Areas

Within a very short period of time, the Networks Business Unit had finalised all the technical issues and the reconnection of the Athalassa and Haraklis substations took place on 16 July 2011 and the process was completed with the synchronisation of the Network and that of the occupied areas on Monday 18 July 2011. Subsequently, in order to increase the reliability of the supply, a second connection was completed on 2 August 2011 with the Orounta substation.

Networks Business Unit

(f) Text Messaging Service

The Unit proceeded to set up Power Cut Groups in such a way that every consumer would know what Group they belonged to. With the help of Cyta and other mobile telephony service providers, an infrastructure was set up for the sending of text messages to those affected by power cuts or the lack of power cuts depending on each case.

Public reaction to this was extremely encouraging since the text messaging information service helped with the reliable implementation of the power cuts schedule.

(g) Repairs to the EAC Telecommunications System

The exchange for the EAC telecommunications infrastructure operated at Vasilikos power station and was affected by the disaster. The Electronics and Telecommunications section worked intensively to maintain the telecommunications of all the EAC's systems through alternative routing and subsequently completed the connection of the hub to the main Vasilikos 132kV transmission substation, thereby returning the system to smooth operations.

TRANSMISSION NETWORK

INTRODUCTION

The transmission network is the backbone of the EAC's system, connecting the power stations with the load centres.

Development works respond to the ever-increasing demand for electricity and, at the same time, increase transmission system reliability.

During the year under review, the installed capacity of the transmission substations increased by 338,5 MVA.

CONSTRUCTION PROJECTS

In 2011, the Network Development Project Management carried out the following development and upgrading works on the Transmission Network:

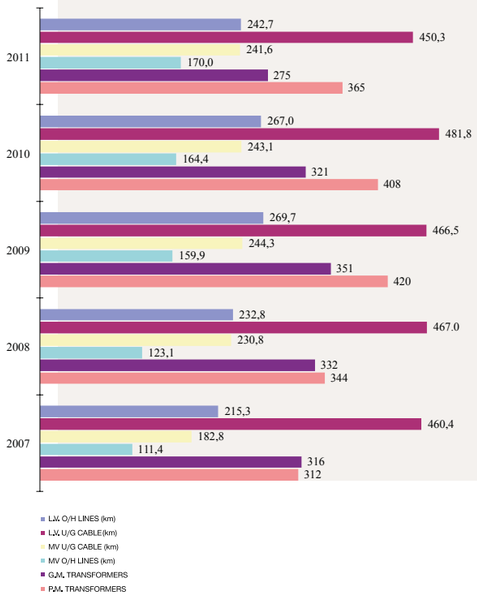
New substations

Vasilikos South 132/22-11 kV substation

The Vasilikos South 132/22-11kV substation was energised in May 2011 but since the 11 July explosion at the Evangelos Florakis Naval Base, the substation has been out of action. Two 40 MVA 132/22-11kV transformers were installed and activated. These transformers have now been connected to temporary generators and are operating temporarily as 11/132kV transformers.

Figure 4

NEW DISTRIBUTION PROJECTS EXECUTED IN THE LAST FIVE YEARS



Lakatamia 132/22-11kV substation

The Lakatamia 132/22-11kV substation was energised in February 2011. Two 40 MVA 132/22-11kV transformers were installed and activated.

Amathus 132/22-11kV substation

Installation of the 132kV underground circuit, which is part of the broader Lemesos overhead power line undergrounding project, was completed and the Amathus 132/22-11kV substation was energised in May 2011. Two 40 MVA 132/22-11kV transformers were installed and activated.

Psevdas 132/11kV substation

The Psevdas 132/22-11kV substation was energised in August 2011. The substation connects the 20 MVA Agia Anna Wind Park to the Authority's Transmission Network.

Alexigros 132/11kV substation

The Alexigros 132/11kV substation was energised in November 2011. This substation connects the 31,5 MVA Alexigros Wind Park to the Authority's Transmission Network.

Stroumbi 132/22-11kV substation

Some 60% of the Stroumbi 132/22-11kV substation has been completed. Work is due to end in April 2012.

Athienou 132/22-11kV substation

About 40% of work on the Athienou 132/22-11kV substation has been done. The estimated completion date is June 2012.

Networks Business Unit

Trimiklini 132/66/22-11kV substation

Electrical equipment has been installed in the Trimiklini 132/66/22-11kV substation by EAC personnel. The substation is due to be energised in June 2012.

Xeropotamos 132/22-11kV substation

Phase 1 of the new Xeropotamos 132/22-11kV substation was energised in December 2011. Two 16 MVA 132/11kV transformers were installed and activated. Phase 2, during which the old substation will be dismantled, is expected to be completed in January 2012.

New Pafos 132/22-11kV substation

In February 2011, the New Pafos 132/22-11kV substation was energised and the old Pafos 66/11kV substation was dismantled. Three 40 MVA 132/22-11kV transformers were installed and activated while the three older 15 MVA 66/11kV transformers in the Pafos 66/11kV substation were dismantled.

Upgrading/Dismantling of existing substations

Dhekelia 132/22-11kV substation

The upgraded Dhekelia 132/22-11kV substation was energised in May 2011. Two 40 MVA 132/22-11kV transformers were installed and activated while three 7,5 MVA transformers were removed.

Akoursos 132/22-11kV substation

In June 2011, the 10 MVA T1 transformer in the Akoursos 132/22-11kV substation was replaced with a larger 40 MVA transformer.

Free Industrial Zone 132/11kV substation

In March 2011, the 16 MVA T1 transformer in the Free Industrial Zone 132/11kV substation was replaced with a larger 40 MVA transformer.

Tembria 66/11kV substation

The T3 5 MVA transformer in the Tembria 66/11kV substation was replaced with a larger 10 MVA transformer. The station is due to be energised in March 2012.

Desalination 66/11kV substation

The 16 MVA transformer in the Desalination 66/11kV substation was dismantled in June 2011 and the unit is now powered directly by the Dhekelia 132/22-11kV substation.

Moni 132/11kV substation

Due to the explosion at the Evangelos Florakis Naval Base, a 40 MVA 11/132kV transformer was installed and connected to the temporary generators.

Dhekelia 132/22-11kV substation

Due to the explosion at the Evangelos Florakis Naval Base, a 73 MVA 11/132kV transformer was installed in the Dhekelia 132/22-11kV substation and connected to the temporary generators.

Overhead Power Lines/Underground Transmission Cables

Ypsonas-Trimiklini 132kV overhead power line

Construction work is ongoing on the new Ypsonas-Trimiklini 132kV double circuit overhead power line, approximately 17km in length as far as the new location of the Trimiklini substation. Some 4km of cable remains to be installed but work has been delayed due to objections by local residents.

132kV interconnection for the Psevdas substation

The new line was energised in August 2011.

Stroumbi-Polis 132kV overhead power line

The new 132kV double circuit power line, some 22km in length, will start at connection tower 43 on the existing Anatoliko-Stroumbi-Akoursos Road line and terminate at the Polis substation. Once the project is completed, the present 66kV single circuit line will be dismantled.

Athienou 132kV overhead power line

The new 7,5km overhead power line will connect the Athienou substation to the Dhekelia-Free Industrial Zone line. The project is due for completion at the beginning in early 2013.

Undergrounding of Overhead Power Lines in Lemesos and its suburbs

In the context of the overhead power line undergrounding project for Lemesos and its suburbs, 54,4km of 132kV underground cables were installed and 31,3km of overhead double circuit power lines were dismantled.

TRANSMISSION SYSTEM DEVELOPMENT STUDIES

In 2011 the Studies and Pre-planning Section prepared the following studies in collaboration with the Transmission System Operator (TSO):

Lefkosia Area:

The following studies were completed and approved for Lefkosia and the district:

- Preliminary study on connecting the 25 MW concentrated solar thermal power station at Agios Sozomenos, Lefkosia to the Transmission Network.
- Connecting the Orounta transmission substation with the occupied areas.
- Relocation of part of the Alambra-Athalassa 132kV link, circuits 1 & 2 (triple) to the area adjacent to the Athalassa transmission station.
- Pre-planning for the connection of the “Abengoa” 50 MW solar thermal power station to the EAC Transmission Network.

Networks Business Unit

The following studies are planned:

- Powering of the new 3x40 MVA 132/22-11KV closed-type GIS Engomi transmission substation.
- Installation of power transformers and a medium voltage automatic switchboard in the Tseri transmission substation.
- Karvounas-Tembria 132kV double circuit overhead power line.
- Review of the study on undergrounding the overhead power line linking the Athalassa-Tseri and Athalassa-Kokkinotrimithia substations.
- Upgrading of the 2x16 MVA 132/11kV Orounta transmission substation to 2x40 MVA 132/22-11kV.

Lemesos Area:

The following studies were completed and approved for Lemesos and the district:

- Transmission System Development in the greater Lemesos area.
- Revised preliminary study on connecting the EAC's 50 MW solar thermal power station at Akrotiri to the Transmission System.
- Connecting the 10 MW Sanida Wind Park belonging to Aioliki Akti Ltd to the EAC Network.
- Replacement of two 10 MVA transformers in the Pyrgos 66kV transmission substation.
- Installation of a 3rd power transformer in the Agios Athanasios substation.

The following studies are planned:

- Ypsonas Industrial Area nodal transmission substation.
- Upgrading of the Moni transmission substation from 66kV open-type to 132kV GIS closed-type.
- New Vasilikos-Ypsonas double circuit overhead power line (rubus twin), Polemidia-Ypsonas, Anatoliko-Ypsonas, Kolossi-Ypsonas and Trimiklini-Ypsonas.
- New Vasilikos-Moni overhead power line (rubus twin).
- Establishment of the CUT closed-type GIS transmission substation and its interconnection with other substations.

Larnaka - Ammochostos Area:

The following studies were completed and approved for the districts of Larnaka and Ammochostos:

- Pyla transmission substation – Installation of five new GIS circuits.
- Connection of the 10,8 MW Koshis wind park belonging to Moglia Trading Ltd to the EAC Network.
- Connection of the 10,8 MW Aeloian Dynamics wind park belonging to Aeolian Dynamics to the EAC Network.
- Upgrading of the 66kV Agios Nikolaos transmission substation to 132kV and connection to the occupied areas.

The following studies are planned:

- Interconnection of the Pyla and Commercial Centre transmission substations via a double circuit underground transmission cable.
- Establishment of the new Klavdia transmission substation.
- Upgrading of the open-type 66kV Mari substation to a closed-type GIS 132kV substation.
- New Vasilikos-Kofinou overhead power line (Rubus Twin).
- New Alambra-Kofinou overhead power line (Rubus Twin).

Pafos Area:

The following studies were completed and approved for Pafos and the district:

- Upgrading of the 66kV Akoursos substation to 132kV.
- Connection of the Pomos wind park.

The following studies are planned:

- Connecting the new Ikaria transmission substation to the New Pafos and Hadjipaschalis substations.
- Undergrounding of a section of the Anatolikos-Hadjipaschalis overhead power line.

Other studies:

The following studies have also been completed:

- Transmission System Reliability in summer 2011.
- Transmission substation load prediction for 2011-2030.
- Transmission System Project Costing Manual.
- Power transformer manual.
- Connection of new, temporary 120 MW internal combustion units to the System for summer 2012.

The following studies are planned:

- Introduction of Capacitors on the Transmission System.
- Continuous Modelling of the Transmission System and Equipment and System Analysis.
- Transmission System Reliability in summer 2012.
- Connection of pump-storage generators in four different locations.

All Transmission System studies are carried out in collaboration with the Transmission System Operator (TSO) which is directly responsible for the operation and development of the Transmission System.

Network Business Unit

DISTRIBUTION NETWORK

INTRODUCTION

The Distribution Network is the link between the EAC's transmission system and its customers.

SPECIFICATIONS, TECHNOLOGY & DEVELOPMENT PROJECTS

Technical Specifications

The Networks Business Unit is responsible for the drawing up of technical specifications for all Distribution Network equipment and materials.

These technical specifications are under constant revision due to changes to international standards, improvements in technology and/or alterations in the use of materials. There are, in total, 259 approved technical specifications concerning 1 911 materials. In 2011, two new technical specifications were drawn up while 17 were revised.

Code of Practice

The correct and uniform application of Distribution Network construction work requires the existence of a detailed Code of Construction Practice. Revision of the code for overhead power lines has been completed and revisions take place at regular intervals to cover new applications and improved construction practices aimed at raising productivity and increasing personnel and public safety.

Network Construction Standards

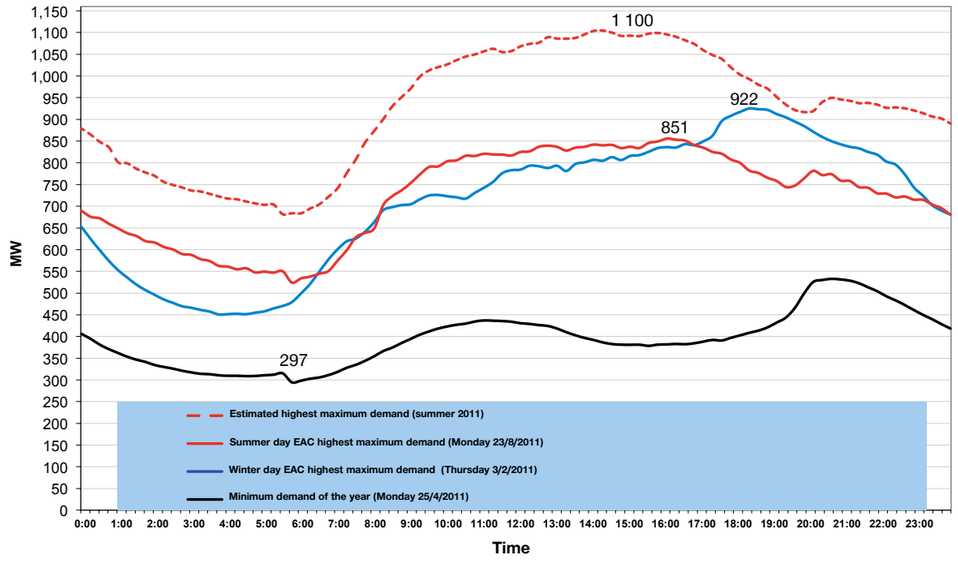
In order to carry out studies that include distribution networks, Distribution Network Specifications have been drawn up for all types of construction. Distribution Network Standards are maintained and reviewed by the Networks Business Unit to ensure the proper use of materials and the correct costing of studies.

Evaluation of Tenders – Materials Supply and Service Provision Contract Management

The role of the Networks Business Unit in the evaluation of tenders and the subsequent management of contracts for the supply of materials and the provision of services is of crucial importance.

Safety issues and the uninterrupted supply of electricity to customers require the implementation of strict quality criteria in the choice and manufacture of equipment and materials.

Figure 5



Note: As show in T.S.O 2011 Annual Report

In 2011 the Unit's Distribution section participated in the evaluation of 41 international tenders and 40 local ones. At the same time it was responsible for the technical management of 93 materials supply and service provision contracts.

Smart Meters and Smart Grids

In recent years there have been significant developments in power electronics, electronic metering systems and telecommunications systems and these have resulted in the implementation of distributed management, interactive movement of electricity and data as well as smart metering systems which have enabled electricity companies to offer their customers a broader and higher-quality range of services.

Following ratification of the EU Directive 2009/72/EK, member states are obliged to install smart meters on 80% of customer premises by 2020.

The EAC has taken the strategic decision to implement, initially on trial basis, an Automatic Meter Management (AMM) system which supports the following functionality:

Network Business Unit

- Automatic gathering, processing, transmission, management and use of the data gathered by the meters.
- Automatic meter management – connection/disconnection.
- Interactive communication with meters.
- Availability at the right time of targeted information on consumption to all involved parties and their systems, including consumers.
- Support of services that can improve energy saving, both regarding consumption by customers and that lost within the system (generation, transmission, distribution).
- Capability for expansion/upgrading so as to support Smart Grid operations.

All of the above lead to increased productivity and a drastic reduction in operating costs.

The Authority has already appointed the Dutch consultancy firm KEMA to draw up the technical specifications for a tender or the procurement of the above system. Work is now in its final stages and the tender is due to be published at the beginning of 2012.

Virtual Power Plant (VPP)

This project aims to take advantage of generators that are privately-owned by consumers who, all together, will comprise a Virtual Power Plant that will be available to the Authority to energise when required by the balance of demand and the adequacy of supply. Through the use of state-of-the-art telecommunications and strategic cooperation with various professionals, academic bodies and companies, the EAC is implementing a CERA directive and planning to integrate a number of privately-owned generators into the country's energy resources for use when required.

It is expected that the VPP will be used in the following situations:

(a) In cases of energy emergencies, e.g. following the failure of a generation unit resulting in a sudden reduction of the available load. In such a case, the VPP will be activated at once in order to take up part of the load lost as a result of the fault in question.

(b) As a static backup to deal with part of the backup requirements during periods of peak demand.

Planning for the project is already at an advanced stage and it is expected to be completed before summer 2012.

Aerial Bundled Conductors

The Networks Business Unit has decided to introduce aerial bundled conductors throughout the low voltage overhead network.

The relevant specifications have been drawn up and a tender will be published shortly for the introduction of the above technologies to the Authority's Transmission Network.

The Tender will include a pilot construction of 10km of low voltage lines by EAC employees who will be trained beforehand by qualified personnel from the successful Tenderer. Construction of the network will be carried out under the guidance and supervision of personnel from the successful Tenderer. At a later stage, the Authority's own personnel, having received training, will undertake the training of the remaining employees in overhead line construction. The successful Tenderer, in addition to supplying the aerial bundled conductors, related parts, tools and equipment, will be obliged to prepare a Code of Practice for the Construction of Low Voltage Overhead Power Lines with the use of Aerial Bundled Conductors and parts.

Upon completion of the work, the Authority will issue a Tender for the purchase of the necessary materials, tools and equipment for the construction of the Low Voltage Network using only aerial bundled conductors by the whole of the EAC's overhead line staff.

Faults Recording and Performance Indicator Export System

The faults recording system was completed and brought into operation on the SAP system in order to create an archive of data on power cuts to consumers. It is expected to be extended to include planned power cuts.

Recording faults with SAP software is of strategic importance for the preparation of reports and performance indicators, as required by law and demanded by CERA and the European Union for the purpose of monitoring the reliability of the EAC Network.

Distribution Network Development Projects

Distribution Network Development Projects are carried out and monitored by the relevant departments in the Area Offices.

The cost of construction work on the expansion and development of the distribution system in 2011 amounted to €64 million, compared to €65 million in 2010.

DISTRIBUTION SYSTEM DEVELOPMENT STUDIES

Distribution Network Development Studies are carried out and monitored by the relevant departments in the Area Offices.

In order to expand and develop the distribution system, 6 557 studies were completed by the Area study sections in 2011 compared with 7 431 in 2010.

Moreover, the following Distribution Network studies have also been completed and approved by the Networks Business Unit:

- Distribution System Five-Year Development Plan.
- Policy of upgrading the Medium Voltage Network from 11kV to 22kV.

AREA OFFICES

The Area Offices belong to the Networks Business Unit and their purpose is to provide services related to the EAC's operations, ranging from the settlement of bills to the construction of networks and repairing faults.

The objective of the Area Offices is to offer the best possible customer service with the ultimate aim of providing an uninterrupted, reliable, high-quality supply of electricity.

Network Business Unit

For better quality customer service, the Area Offices have obtained ISO 9001 Quality Certification and have a commitment to CERA to maintain the Customer Charter with guaranteed services.

The EAC's four Area Offices cover the following areas:

Lefkosia-Kyrenia-Morfou, Lemesos, Ammochostos-Larnaka and Pafos.

They are organised by Section: (a) Customer Service, (b) Financial and General Services, (c) Studies, (d) Planning and (e) Construction and Maintenance.

Studies

The Studies Section comprises of the Studies Department and the Drawing Office. The main works of the Studies Department are the management of customer or producer applications to be connected to the EAC network for network relocation, the carrying out of studies for expansion of the Network for the connection of customers and producers and studies for the upgrading/development of the Distribution Network, monitoring of Distribution Network reliability and stating the views of the EAC to the responsible authorities and interested parties on the method of supplying power to a particular development project.

The main job of the Drawing Office is to maintain the Network Database and to make it available to all Internal and External Customers.

Planning

The main work of the Planning Section is to obtain the consent of landowners whose property is affected by Network development and obtaining Government Approval for Network Development, local contracts for the purchase of materials, services and premises/buildings for the location of substations.

Construction & Maintenance

The Construction & Maintenance Section is divided into four subsections:

- Ground Constructions which deals with the expansion and upgrading of the Underground Distribution Network and the construction of underground supply lines to premises.

- Overhead Line Constructions which deals with the expansion and upgrading of the Overhead Distribution Network and the construction of overhead supply, with the installation of meters and the construction of the Street Lighting network.

- System Operation which deals with load monitoring, the operation of the Medium Voltage Distribution System (power cuts and handling), load recording at distribution substations and faults detection.

- Transmission/Distribution Substation Maintenance which deals with the construction/expansion/ maintenance of substations and the maintenance of Medium Voltage Network equipment.

Customer Service

The main activities of the Customer Service Section are the operation of the Contact Centre for the provision of information, the receipt of applications, complaints handling, etc., publishing terms and conditions, connections/disconnections/reconnections of providers, meter reading, inspection of premises, maintenance of street lighting and the provision of alerts and emergency services to customers during faults.

Financial and General Services

The main activities of the Financial and General Services section are bill settlement, cost management, materials management, archive maintenance and personnel issues, building maintenance, preparation of financial statements and performance indicators and the preparation and monitoring of budgets.

TELECOMMUNICATIONS AND ELECTRONIC SYSTEMS

INTRODUCTION

The Electronic Systems and Telecommunications section deals mainly with the development and support of the EAC's electronic telecommunications systems and with the security systems that protect the Authority's installations.

Optical Fibre Telecommunications System

The Authority's Optical Fibre Telecommunications System uses SDH/PDH digital multiplexers to interconnect transmission stations, power stations and the Authority's offices with the objective of catering for the requirements of the SCADA/EMS systems, Transmission Line Teleprotection, Telephony, Load Management (Ripple Control), IT and other services.

In 2011 two new SDH/PDH digital multiplexers were installed and the existing ones were upgraded in four locations (including Vasilikos power station and Alambra substation to deal with problems arising from the 11th of July explosion). Moreover, in May upgrading work was completed on upgrading and transferring the Network Management System (NMS) unit.

Furthermore, in 2011 new optical fibre telecommunications equipment was installed in 10 locations to cover the increased needs of the Protective Security, SCADA/EMS and Information systems.

Work began on a study for the installation of a fast new generation telecommunications network to cater for the Authority's needs for optical fibre network data transfer.

Optical Fibre Network

The Authority has an extensive overhead and underground optical fibre network along the length of the Transmission Network. In 2011 the optical fibre network was extended to connect seven additional transmission substations and the Customer Service Office at Paralimni. Additionally, significant alterations were made to four overhead power line routes and three serious faults were repaired.

Also, in 2011 additional optical fibre circuits were made available to the EAC's two strategic partners in telecommunications, PrimeTel and Cablenet.

Network Business Unit

Supervisory Control and Data Acquisition and Energy Management System (SCADA/EMS)

The computerised real-time Supervisory Control and Data Acquisition and Energy Management System (SCADA/EMS) was first implemented in 1997. Via the Energy Control Centre (ECC) and the Areas' Control Centres, it controls the Generation, Transmission and Primary Distribution Network systems. A Backup Energy Control Centre has also been in operation since 2006.

SCADA/EMS implementation was extended in 2011 to control five additional transmission substations while control equipment was upgraded in another four substations. Moreover, 50 SCADA/EMS faults were repaired together with 17 faults in auxiliary equipment (battery power adaptors/chargers, telephone systems, etc).

All of the above were carried out in collaboration with the TSO.

Load Management System (Ripple Control)

This system for controlled load management on customer premises (solar heaters, centralised climate control systems, water pumps, street lighting, etc.) uses the Transmission and Distribution Networks as a telecommunications tool.

In 2011, upgrading work was completed on the equipment installed in the Anatoliko substation. Additionally, repairs were carried out to 13 faults in the Load Management System.

The Authority intends to expand and upgrade the Load Management System during 2012-2014.

Protective Security

Work continued on the installation of (a) access monitoring systems, (b) unauthorised access alarm systems and (c) monitoring (with cameras) of transmission/distribution substations, power stations, stores, offices and EAC customer service centres. The Section also provided technical support for the Authority's installed security systems.

Fire Detection

Fire detectors have been installed on all the Authority's premises.

Access Monitoring Systems

Expansion of the monitored access system at the Head Offices was completed. We have now begun studying the possibility of installing or upgrading access monitoring systems at all the Authority's Area Offices.

Telephone Network and Systems

The internal networking of the Authority's telephone systems was upgraded. Islandwide checks were made and low-use telecommunications circuits were disconnected. A second connection was made from the existing telephone network and systems to the Contact Centre. Telephone systems and other telecommunications equipment were replaced and upgraded.

A new telephone system was installed at Vasilikos power station after the Mari explosion.

Contact Centre

Upgrading work on the EAC's Contact Centre was completed. Two new 4-digit numbers were brought into service for the Centre, 1801 and 1802. They follow 1800 which is used for faults reporting by customers. An Interactive Voice Response (IVR) system was brought into operation in the Authority's Area Offices.

Wireless Communication

Wireless Relay Stations were installed at Lefkosia Area Office, Vasilikos and Dhekelia P/S for improved communications.

Wireless phones (fixed and mobile) were installed at Vasilikos power station for communications purposes after the Mari explosion.

Radiotelephone support and maintenance continued on an islandwide basis to meet the Authority's needs. Work continues on installing phone bases in vehicles and substations.

Civil Defence & Emergency Planning

Checks and regular testing of telecommunications links continued in accordance with the directives and recommendations of the relevant ministries.

Workshop

The Electronics Workshop continued to carry out repairs on a large amount of specialised electronic equipment and measuring/monitoring instruments used by the Area Offices and power stations.

Network Business Unit

CIVIL AND BUILDING WORKS SECTION

INTRODUCTION

The Civil and Building Works Section is part of the Networks Business Unit and deals with all the EAC's construction projects.

Power Stations

Construction work on Phase IV, Unit No. 5 at Vasilikos Power Station continued while final specifications for Unit No. 6 at Vasilikos have been drawn up. Work on civil engineering projects for the Desalination Plant at Vasilikos continued at a rapid pace until the explosion on 11 July 2011. Repair work on Unit No. 5 began approximately one month after the explosion and normal work restarted on the Desalination Plant towards the end of 2011.

LNG Terminal

During the first quarter of the year, laboratory tests were completed in the framework of geotechnical research on the land-based location of the LNG Terminal at Vasilikos. The geotechnical report on the sea-based location was postponed ahead of final political decisions concerning the advent of natural gas.

Reconstruction of Vasilikos Power Station

In 2011 the section faced an enormous challenge. In the immediate aftermath of the 11 July explosion, it was called upon to undertake the task of reinstating the building infrastructure at Vasilikos power station. The foremost concern was to secure safe access to the buildings. Contractors were employed to remove all the partially detached coverings (walls and roof) and to support the buildings' metal frames. Subsequently, reconstruction of the buildings was delegated on a sectional basis in accordance with the priorities drawn up as part of the overall reconstruction plan for the station.

The cost of work carried out by the end of 2011 amounts to approximately €4 million while around 20 contracts totalling €14 million were approved. It is estimated that the total cost of civil engineering work will amount to €18 million.

Application for a Building Permit for a Solar Thermal Power Station

Since 2009, in the context of its strategy for the development of Renewable Energy Sources (RES) in Cyprus, the EAC has been studying the construction of a 50MW Solar Thermal Power Station in the Akrotiri area of Lemesos on land owned by the Lemesos Bishopric. A cooperation agreement has already been signed between the EAC and Lemesos Bishopric for the realisation of the project and techno-economic evaluations and environmental studies have been carried out on the establishment of a Solar Thermal Power Station. Architectural plans were drawn by the Civil and Building Works Section and in December 2012 the process of submitting an application for a Building Permit began. Other planning work on the project is under way.

Transmission/Distribution systems projects

In 2011 construction work continued and was completed on the Stroumbi 132kV, Athienou 132kV, Lakatamia 132kV (phase 2) and New Pafos 132kV substations.

Under the supervision of the Civil and Building Works Section, work was completed on the 132kV transmission substations for the Psevdas and Alexigros wind parks. Furthermore, construction work was carried out in various areas, such as the expansion of transmission substations (e.g. bases for electrical equipment, etc.) and the supervision of the installation high voltage overhead power lines, while the section provided support to the Authority's Area Offices regarding the maintenance of distribution substations.

Area Offices

Construction work on the new Pafos Area Offices continues smoothly and is expected to finish by May/June 2012. The transmission substation which is part of the project has already been completed and energised.

Cost-cutting modifications to the plans for the new Larnaka Area Offices have been completed but the project will not go ahead for now due to the new financial situation that has been created. Also, various refurbishment/maintenance/repair projects were carried out on premises such as the Lemesos Area Offices, Strovolos Customer Office, Strovolos Stores, the listed building at the old Engine Room in Lemesos, etc.

Customer Service Business Unit

CONSUMERS

At the end of 2011, the total number of consumers in the government-controlled areas of Cyprus stood at 543 910, a net increase of 8 860 or 1,7%.

Table 1 (page 53) shows the number of consumers by category as well as the percentage increase over the previous year.

BILLED SALES OF ELECTRICITY

Billed sales of electricity in the government-controlled areas increased to 4 595 GWh, compared to 4 782,0 GWh the previous year, representing a decreace of 3,9%.

Table 2 (page 53) shows the allocation of billed sales of electricity by consumer category, as well as the percentage increase over the previous year.

Sales for the years 2009, 2010 και 2011 are shown in Fig. 6 (page 55). Sales and revenue for 2011 are shown by consumer category and as a percentage of the EAC's total sales and revenue in Fig. 7 (page 59).

OFF-PEAK SUPPLIES

Off-peak sales (tariff Code 55) totalled 85 769 MWh representing an increase of 5 071 MWh or 6,3% compared to 2010. This is due mainly to the prevalence of low temperatures. The average per kWh charge rose from 10,42 cents in 2010 to 12,22 cents in 2011, while the number of consumers increased by 314.

Consumers opting for the off-peak tariff totalled 21 744, of whom 21 374 (98,3%) were domestic consumers with an average consumption of 3 908 kWh compared to 3 735 kWh in 2010.

TARIFFS

The EAC Tariffs Group continued to work with its external consultants in 2011 on the introduction of new marginal cost tariffs in the context of Cyprus' liberalised electricity market.

In the context of the decision by the Cyprus Energy Regulatory Authority (CERA) for the gradual rebalancing of tariffs with the objective of removing cross-subsidies among the various tariffs, and following a series of negotiations with CERA, the EAC proposed a number of possible scenarios for the rebalancing of tariffs.

By decision 686/2011, CERA approved the rebalancing of the EAC's tariffs which involves increases and reductions in various customer categories.

Table 1

NUMBER OF CONSUMERS

CONSUMER CATEGORY	AS AT 31.12.2011	AS AT 31.12.2010	INCREASE %
Domestic	422 655	415 150	1,8
Commercial	85 325	84 800	0,6
Industrial	11 255	11 391	(1,2)
Agricultural	14 692	14 209	3,4
Street Lighting	9 983	9 500	5,1
TOTAL	**543 910**	**535 050**	**1,7**

Table 2

BILLED SALES OF ELECTRICITY (MWh)

CONSUMER CATEGORY	AS AT 31.12.2011	AS AT 31.12.2010	INCREASE %
Domestic	1 721 663	1 737 474	(0,9)
Commercial	1 854 782	1 990 994	(6,8)
Industrial	796 187	816 074	(2,4)
Agricultural	136 747	152 642	(10,4)
Street Lighting	85 502	84 788	(0,8)
TOTAL	**4 594 881**	**4 781 972**	**(3,9)**

Customer Service Business Unit

The purpose of this rebalancing is the gradual removal of cross-subsidies among consumer categories which do not provide any financial benefit to the EAC. In accordance with CERA's decision, the EAC revised its existing tariffs and introduced new charges based on a basic fuel cost of €300 per metric tonne in compliance with the above decision. The new tariffs were approved by CERA and will be published in the official Gazette of the Republic at the beginning of January 2012.

The above decision resulted in a further loss of income for the EAC, estimated at €5.400.000 for 2011 and 2012.

In the context of the upgrading of the EAC's services and its efforts aimed at energy conservation, we once again sent out an annual statistical report to all our monthly billed customers. This report includes information on monthly consumption and peak demand for their premises, as well as monthly voltage and load indicators, which are directly linked to correct energy use and conservation.

In the framework of the special domestic tariff (code 08) for large and needy families, by the end of December 2011 some 23 751 customers were benefiting from this. The total benefit to customers in 2011 and, consequently, the reduction in revenue to the EAC as a result of this special tariff, was €10.282.745 compared to what it would have been if these customers had remained on tariff codes 05, 06 and 07.

The average selling price of electricity per kWh in all categories rose from 16,232 cents in 2010 to 18,909 cents in 2011, an increase of 16,5%, as a result of higher tariffs, increased fuel costs and the automatic fuel cost adjustment.

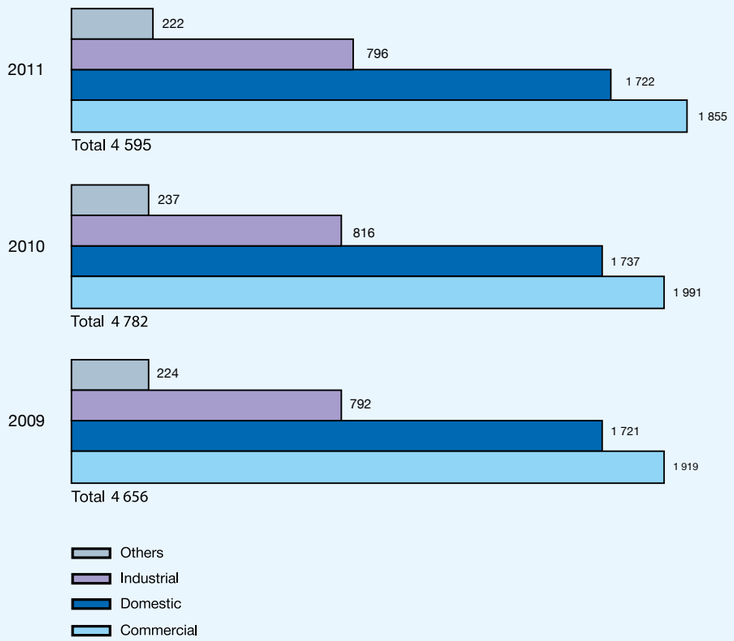
LOAD RESEARCH AND CONTROL

Since 2000, in the context of its efforts to upgrade its Load Research, the EAC has been using a software package by which meter data is retrieved automatically. This programme enables direct monitoring of customer loads, the automatic retrieval of data and the timely preparation of Load Research reports.

During 2011, the EAC continued to implement this Load Research method for all its corporate customers who are supplied at high and medium voltage. The data obtained was analysed, processed and subsequently used in the drawing up of the relevant load research reports. The conclusions of these studies are used for revised tariff structuring and for load forecasting and management.

Figure 6

SALES OF ELECTRICITY
(millions kWh)



CUSTOMER SERVICE AND BILLING SYSTEM

In order to provide the best possible service and information to the Organisation's customers, in May 2008 the EAC adopted a new, modern customer service and billing system, which has responded satisfactorily to the demands of the new competitive environment created by the liberalisation of the electricity market.

Since the implementation of this new system, the standard of EAC customer service and information has improved significantly. Moreover, the system facilitates and speeds up the day-to-day work of the EAC's Customer Service department to a considerable degree.

The entire system is the main tool and source of information for the EAC Contact Centre.

Since 1 December 2008, the EAC has enabled customers to settle their electricity bills at no additional charge by credit card at all EAC Customer Service Offices and via the EAC website (www.eac.com.cy) or the JCC website (www.jccsmart.com). In 2009, customers were also able to settle their bills online via the websites of the commercial banks. Since September 2010 customers have also had the option of receiving their bills by e-mail upon request.

Customer Service Business Unit

CONTACT CENTRE

The EAC's decision to set up a Contact Centre is of strategic importance since the Organisation already finds itself in a competitive environment following the liberalisation of the energy market.

The Contact Centre enables the EAC to provide good quality service and information to consumers/customers quickly and efficiently, to promote the image of a progressive and dynamic organisation and, in general, to respond to the expectations of consumers/customers.

Meter Reading Service

In May 2010, the first Contact Centre service, that of Meter Reading, came into operation. This service enables customers whose meters have not been read to call the freephone number 80006000 at any time. On request, customers key in the "Premises Number" that appears on the card left by the responsible EAC official. Then they key in the meter reading which, if correct, is automatically accepted. If, for some reason, the customer cannot give the correct reading, the call is redirected to a member of staff at the Contact Centre. In 2011, the Meter Reading Service received approximately 16 000 calls.

Billing Service

The Billing Service enables customers to call the islandwide four-digit number 1801 and be informed of the amount of their bill by keying in their bill number. They may also receive information and clarifications about bills, methods of settlement, connections, reconnections, disconnections, transfers, domestic tariffs, how to become a first-time customer, etc.
In 2011, the Billing Service received approximately 133 000 calls.

Faults Reporting and Complaints Service

Since April 2011, the Contact Centre's Faults Reporting and Complaints Service has replaced and improved the services previously provided by the Islandwide Faults Reporting Centre (IFRC).

The aim of this service is to provide customers with a full, top quality telephone response during major faults causing lengthy power cuts as well as during daily, isolated faults on the EAC network, on customer premises and to street lighting.

Furthermore, customer complaints are recorded concerning the EAC network such as tree pruning, street lighting problems, etc.

Customer calls are routed via the islandwide four-digit number 1800 to Customer Service Officers at the Contact Centre where the faults are recorded automatically and subsequently reported to Area technical crews for repairs.

Between April 2011, when the Faults Reporting and Complaints Service was launched, and December 2011, it received approximately 270 000 calls.

New Applications Service

In January 2012, the Contact Centre will also provide a New Applications Service, initially serving the Ammochostos and Larnaka districts. Customers will be able to dial the islandwide four-digit number 1802 to be informed either automatically or by a Contact Centre officer about the documentation required to accompany an application for electricity supply and about what stage their application has reached. This service will gradually be extended to the other districts.

RENEWABLE ENERGY SOURCES

In accordance with the provisions of European Directive 2009/28/EC (previously 2001/77/EC), issued during Cyprus' accession process and its compliance with the directives, legislation and regulations of the European Union, the Government has proceeded with, among other things, legislative, regulatory and administrative measures for the promotion of the use of Renewable Energy Sources (RES) and, more generally, of energy conservation with the ultimate goal of increasing the contribution of RES to the country's energy balance. As the main producer and supplier of electricity in Cyprus, the EAC could not but contribute actively to this effort, so as to satisfy the demands of the European Union regarding RES, while acting within the strict framework of Cyprus' appropriately adapted and amended Laws and Regulations.

The EAC enjoys good cooperation with the Institute of Energy of the Ministry of Commerce, Industry & Tourism, with the Cyprus Energy Regulatory Authority (CERA) and the Transmission System Operator (TSO) regarding joint action on the subject of RES. Interested applicants/producers are given all possible technical assistance and priority in the examination of their applications to install units for generating electricity from RES.

In accordance with existing legislation and the relevant decisions of the Council of Ministers, the EAC is obliged to purchase electricity produced from Renewable Energy Sources and to distribute it on its grid at an avoidance cost price determined by the Cyprus Energy Regulatory Authority (CERA). To this end, a purchase agreement is signed between the producer and the EAC. In addition to the purchase price paid to the producer by the EAC, the producer receives a subsidy for the generated kilowatts of electricity from the Special Fund for Grants/Subsidies, having been approved/registered with the Special Fund for Grants/Subsidies.

By the end of 2011, a total of 797 photovoltaic systems had been installed and were producing up to 150 kW (compared to 647 photovoltaic systems at the end of 2010, an increase of 23,2%), with a total installed voltage of 9 329,35 kW (5 564,18 kW at the end of 2010, an increase of 67,7%) and a total production of 10 231 727 kWh (compared to 4 839 445 kWh in 2010, an increase of 111,4%). It should also be noted that by the end of 2011 eleven Generation Units using biomass/biogas were in operation with a total installed capacity of 7 964 kW and a total production of 39 712 314 kWh.

Furthermore, the three Wind Parks of 133,5 MW operating on the island generated 114 251 094 kWh in 2011. Considerable interest has been shown in new photovoltaic systems, despite the relatively high capital outlay required for the installation of such systems, and in Biomass/Biogas Generation Units and wind parks.

Customer Service Business Unit

TECHNICAL ISSUES

During 2011 the department of the Customer Service Business Unit responsible for Technical Issues dealt with issues pertaining to:

- The metering system
- Street lighting
- Energy conservation
- Wiring regulations for electrical installations
- Electricity generation via Renewable Energy Sources
- EAC revenue protection from electricity theft
- Monitoring of the quality of electricity supply
- Testing of the reliability of gloves for high-voltage work.

Specifically, during the year under review, the Meter and Relay Testing Centre (MRTC) received 59 360 new meters. A total of 56 690 new single-phase and three-phase meters of all types were checked and calibrated. Additionally, 1 212 Ripple Control Receivers were programmed and tested, 1 292 were sent to the Area Offices and 80 were repaired. Meters and current transformers were placed on and wired to 336 low voltage meter panels, 76 low voltage meter panels were repaired and checked, 412 low voltage meter panels of all types were checked, while 41 wooden panels were wired and checked.

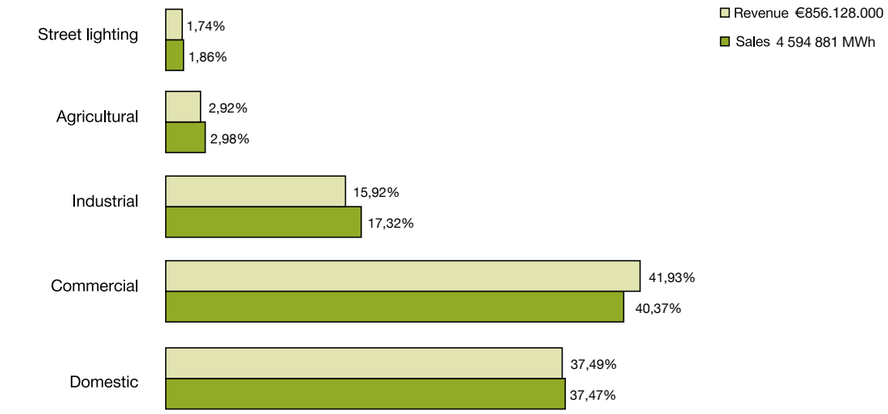
During 2011, the EAC Area office inspection department carried out 17 760 inspections of electrical installations throughout Cyprus.

Additionally, specifications were drawn up, Calls for Tenders were issued and the subsequent tenders were assessed for the purchase of materials and equipment used in the Meter and Relay Testing Centre (MRTC) and the Area Offices relevant to the metering system, street lighting and electrical installation inspection.

Regarding the monitoring of the quality of supply, the Exploitation Department installs special power disruption analysers and, wherever it is considered necessary, corrective measures are taken.

Figure 7

ELECTRICITY SALES & REVENUE BY CONSUMER CLASS



EAC REVENUE PROTECTION

In 2011, personnel dealing with EAC revenue protection from electricity theft checked 8 759 meters on the premises of high-risk customers. Of these, 1 379 were found to be intact, 6 667 had been tampered with, though they showed no sign of electricity theft and 713 meters were found to have been tampered with and there were signs of electricity theft. In relation to these, a total of €1.046.146 was recovered in costs for investigating the cases, damage to meters/equipment, additional load/exceeding the approved load, disconnection of supply due to non-payment of bills and unrecorded consumption due to unauthorised tampering with meters.

Investigations that began in 2001 into 168 cases of electricity theft (the Masouras case) continued during 2011. The total value of unrecorded consumption has been estimated at €4,95 million and, up to now, payment of approximately €2,75 million has been arranged. The EAC has taken legal action against those involved in order to recover the outstanding amount.

ACCREDITATION OF THE METER AND RELAY TESTING CENTRE

In the context of its stated policy of upgrading the quality of its operations and its customer services, the EAC took the strategic decision to seek ISO 17025 accreditation of its workshop in the Meter and Relay Testing Centre (MRTC). Certification work was completed and, in June 2011 after a double evaluation by Hellenic Accreditation System and the Cyprus Organization for the Promotion of Quality, it obtained the relevant Accreditation Certificates separately from the two organisations.

The Accreditation Certificates officially recognise the technical capability of the MRTC to carry out the relevant testing and calibration work on meters and the results of these tests are accepted anywhere.

Common Services Business Unit

INFORMATION TECHNOLOGY DEPARTMENT

The mission of the Information Technology (IT) Department is to select, provide and support IT systems, to ensure that Information Technology is used as a strategic tool to achieve the EAC's business aims in a reliable, fast and efficient manner, and to cultivate in the Authority's personnel a modern mentality that is fully in tune with IT.

In this framework, the IT Department deals with:

- The provision of information services.
- IT services for internal customers.
- The development, implementation and maintenance of IT software and systems.
- Technical infrastructure services.
- Security services and Administration.

During the period January-December 2011:

- All the legislative economic measures, announced by the Cyprus Government, have been implemented successfully with the EAC's Payroll information system.

- A number of bespoke software applications, allowing EAC employees to retrieve and view their own personal data, as well as applications for a faster and more effective execution of certain daily processes, were successfully implemented.

- The process for the replenishment of stock materials at the four EAC district storage locations from the Central Store was successfully auto mated and implemented.

- The key performance indices for the automatic monitoring of the EAC materials supply chain were successfully implemented.

- The software application for applying BRADFORD Index to administer employees' sick leaves was successfully implemented.

- A procedure for receiving the electricity bills of the Municipalities was prepared and its phase implementation was successfully started.

- Following the loss of the IT Disaster Recovery site, due to the disaster occurred at Vasilikos Power Station, an interim Disaster Recovery site was successfully designed and implemented at the Head Offices building.

- The system of the EAC Customers' Contact Centre was successfully upgraded to the new edition.

- The current Help Desk software application, assyst, was successfully upgraded with the installation and implementation of the assystWeb module (for administrating IT equipment and associated operational problems) and the assystNet module (facilitating users for reporting problems associated with the IT equipments' operations, directly to Help Desk agents).

- The Microsoft Lync system for teleconferencing was successfully installed.

- The technical infrastructure of VMWare vSphere was successfully upgraded from version 4.1 to version 5.

- The technical infrastructure of Microsoft Hyper-V R2 SP1 was successfully installed into the demilitarised (neutral) zone (DMZ) of the EAC's IT network.

- All operations of the EAC Drawing Offices are now performed in a full electronic environment with the use of the GIS.

- The EAC Medium Voltage Distribution network was successfully digitised into GIS vector form.

- The GIS Replication Server, used for the exploitation of the GIS in the field with the use of specific IT equipment, was successfully implemented.

- The ArcGIS Server facilitating the Web GIS Data Serving solution (for viewing the EAC network) was successfully implemented.

- Policy Instructions, for the use of the electronic mail and the Internet, were issued and put in effect for the EAC personnel.

- Appropriate penetration tests and assessment of the level of security of EAC IT network and systems were successfully performed.

- The Tender for the 'Installation and Provision of Internet Connection Services' was successfully issued.

PURCHASING DEPARTMENT

The mission of the Purchasing Department is to draw up contracts for the supply of materials, services and works at competitive prices for the safe and smooth operation of the Authority, to ensure strict adherence to the principles of Equality and total Transparency and to properly apply EU and National Legislation, Regulations and Internal Directives related to the awarding of contracts.

In this framework, the Purchasing Department deals with:

- Formulating policy on issues concerning the processes that lead to the award of contracts.

- Ensuring the implementation of this policy.

- Issuing all the tenders of the Business Units and autonomous Sections, apart from local tenders and small purchases.

- Supporting the Business Units and autonomous Sections in the management of their contracts

- Monitoring, planning and securing adequate stocks of materials and equipment.

- Centrally managing EAC's fleet of vehicles.

Common Services Business Unit

During the period January – December 2011:

- 20 contracts were awarded, of a total value of €58.587.650, as a result of EU Tenders issued for the execution of works, the provision of services and the supply of materials and equipment, as stipulated by the provisions of the Law 11(I)/2006 and EU Tender Regulations.

- 271 contracts were awarded, of a total value of €115.994.038,27, as a result of Tenders issued for the execution of works, the provision of services and the supply of materials and equipment, the value of which fall below the threshold, as stipulated by the provisions of the Law 11(I)/2006.

  32 of the above mentioned contracts, of an approximate value of €45.391.650,22 were urgently awarded for the restoration works at Vasilikos Power Station due to the damages caused by the explosion at Mari Naval Base.

- Two contracts were awarded with a total value of €448.900.000 for the supply of Heavy Fuel Oil.

- One contract was awarded with a total value of €212.600.000 for the supply of Gasoil.

ADMINISTRATION SECTION

The mission of the Administration Section is to provide swift, reliable, professional and efficient administrative support to the other Business Units.

Within this framework, the Administration Section deals with:

Contract Management

- Agreements concerning the leasing of buildings, parking space, stores, housing for technical consultants.
- Canteen management agreements.
- Maintenance agreements for photocopiers, fax machines, lifts, etc.

In 2011, 51 such agreements were concluded or renewed.

Publication of Announcements/Notices

Announcements/Notices concerning tenders, job vacancies, interruptions to the power supply, etc. are published in the local press and the Official Gazette of the Republic and are sent to the CyBC for broadcast.

In 2011, the Authority published 305 such announcements.

Head Office Building Maintenance

Maintenance of the Head Offices involves:

- Ensuring that the building is clean.
- Functionality regarding electrical/mechanical issues, repairs and office operations.
- The Building Monitoring System (BMS).
- Photovoltaic system monitoring.
- Access Cards.

In 2011, the Section dealt with 582 requests from personnel concerning their office operations.

Telephony Support

This involves carrying out all the necessary procedures concerning the Authority's telephone connections.

A total of 50 applications were made to CYTA concerning the installation of telephone lines, transfers, obtaining GSM cards, etc.

Head Office Archive Operations

This concerns the computerisation and archiving of incoming and outgoing correspondence.

Customs-related issues were dealt with, together with the daily distribution of correspondence within all the Authority's Units/Sections, Area Offices and Power Stations.

Purchase and Supply of Stationery and General Provisions

This relates to the supply of all the Authority's Units/Sections, Area Offices and Power Stations with stationery and general provisions.

General Management

PUBLIC RELATIONS

The Public Relations Department is responsible for planning integrated PR campaigns aimed at upgrading the EAC's image, consolidating its corporate identity, improving its relations with all sections of the public, involving it in society and ensuring that people are fully aware of the EAC's activities and services.

In this context, the EAC continued to provide advisory services to all its customers on matters of interest to them in 2011. The general terms governing the provision of electricity, the EAC's charging policy on electrification, tariffs and general information are topics that are always of interest. As happens every year, during 2011 lectures were given to organised groups and to EAC customer groups on issues concerning energy saving, the safe use of electricity, new tariffs and electromagnetic fields.

The Public Relations Department bears full responsibility for briefing the media and, by extension, the public during the energy crisis that followed the tragic events of 11 July 2011. Specifically, a Crisis Management Centre operated on a 24-hour basis in conjunction with other responsible EAC departments and services as well as other state bodies such as CERA, the TSO and the Ministry of Commerce, Industry & Tourism, preparing and disseminating Press Releases and information leaflets and organising regular Press Conferences for the immediate, timely and reliable release of information to consumers. During the crisis that arose in the wake of the 11 July explosion, the EAC website functioned as the main vehicle for informing our customers about the daily schedule of power cuts, the use of generators and all measures being taken by the EAC to repair the damage to Vasilikos Power Station.

In the framework of improving relations among personnel, the Organisation publishes the quarterly magazine "EAC News" which is distributed not only to EAC personnel but also to various other groups, individuals and services outside the Organisation.

Health, environmental protection, sport, visual arts, dance, music, the promotion of cultural monuments and support for families enclaved in the occupied part of Cyprus are the main pillars of the Electricity Authority's Corporate Social Responsibility (CSR) programme. In 2011, the EAC helped hundreds of Associations and Organisations involved in the above sectors through this programme.

The "Light up a Life" event, jointly organised every December by the Cyprus Anti-Cancer Society and the Electricity Authority of Cyprus, has become a firmly established institution, providing financial support and helping the Society to achieve its aims. In December 2011 Christmas events were held in all the island's towns, during which the EAC/Cyprus Anti-Cancer Society's Christmas tree lights were switched on.

In addition to these established events, a special day for children was held for the second year running at the EAC's Head Offices in Lefkosia. All the proceeds from these events, amounting to around €13.000 were donated to the Cyprus Anti-Cancer Society.

Another event that has become an institution is the SavEnergy exhibition, organised jointly with the Employers and Industrialists Federation with the aim of promoting products and services that contribute to energy conservation as well as to raising public awareness of environmental protection issues.

In the framework of its efforts to contribute to the provision of a rounded education to our young people, the Electricity Authority has always funded sport. In 2011, for the eighth consecutive year, the EAC was the main sponsor of the Cyprus Mens National Basketball Team. Furthermore, the EAC has become a sponsor of the Cyprus Olympic Committee to support the preparations of the island's team for the 2012 Olympic Games.

General Management

In 2011, the EAC continued its support to pupils, students and enclaved in the Karpasia Peninsula for the eighth consecutive year. We consider it a duty and a privilege to support the efforts of our heroic enclaved fellow-citizens to remain in the place of their birth in the occupied part of Cyprus. Our support will continue. At the beginning of every year, members of the Board and Management visit occupied villages and schools.

The EAC participated in various conferences, seminars and specialist exhibitions and fairs (CCCI, CHA), enabling the public to obtain first-hand information on all aspects of its activities and its major development projects while, as it does every year, the Authority also participated in the 36th Cyprus International Fair.

Each year, various campaigns and schemes are implemented in the context of the EAC's broader policy of developing energy awareness among the Cypriot public. In 2011 an islandwide media campaign was carried out with the aim of raising consumer awareness on the issue of saving electricity and, by extension, protecting the environment.

The EAC's corporate social responsibility also includes support for the "Cans for Kids" charity, thereby contributing to environmental protection through recycling and, at the same time, through the purchase of medical equipment for the Makarios Hospital. Over and above the financial support to charity, the EAC has decided to support its work in a more practical manner by placing special bins for the collection of aluminium cans at its offices.

Our established support of the Makarios Hospital continued in 2011. The EAC undertook the total refurbishment of the area housing the school for children undergoing treatment at the hospital.

In April 2011, the Ministry of Education & Culture, in collaboration with the EAC and Secondary School Photography Teachers, organised the 6th consecutive Islandwide Student Photography Competition which was open to Lyceum students. The winning photographs were exhibited at the EAC's Head Offices.

LEGAL SERVICES DEPARTMENT

The mission of the Legal Services Department is to provide legal advice to the Management on all issues arising from the EAC's activities.

In this context, during 2011 the Legal Services Department dealt with and/or provided legal advice on the following issues and cases:

- 20 appeals against decisions by the EAC Board regarding promotions, appointments and transfers of personnel.
- One appeal against the Authority in connection with the location of EAC power lines/network on the immovable property of third parties.
- One appeal against decisions of the Board of Directors related to demands by an EAC employee.
- Three appeals against the Authority regarding the awarding of tenders.
- Three instances of legal action against the Authority in which the plaintiffs are demanding compensation or orders related to the location of EAC power lines/network on their immovable property.
- 23 instances of legal action against third parties concerning pending final bills and unpaid invoices.
- One disciplinary investigation resulting from infringements by an employee of the Authority in accordance with Authority's Code of Discipline.
- Four applications for Expropriation in the form of reports with written opinion, were submitted to the Ministry of Commerce, Industry & Tourism.
- Payment of rents and monitoring of leasing contracts with the Government and private individuals, rent reviews (Leasing of substations), payment of taxes and submission of objections wherever necessary regarding the Authority's immovable property.
- Agreements were drawn up concerning relocations of substations and high voltage overhead power lines.
- Evaluations of substation land and buildings were carried out.

In the framework of securing its property and the interests of its Human Resources, the Electricity Authority of Cyprus insures its movable and immovable property and its employees' interests.

To this end, in 2011 tenders were published and awarded for two lapsed insurance policies.

Additionally, the Insurance sector takes care of cases of accidents involving the EAC personnel and third parties and those concerning property belonging to the Authority and to third parties, with the insurance companies.

In view of the events arising from the explosion at the Evangelos Florakis Naval Base at Mari on 11 July 2011 and the damage suffered by the Vasilikos Power Station, it should be noted that the Authority has insured all its property with Atlantic Insurance Co. Public Ltd. The existing policy was effective as of 16 February 2011, expiring on 15 February 2012 but a three-month extension until 15 May 2012 was given, in accordance with the terms of the relevant tender.

In addition, from 1 July 2011 the Authority had insured Unit No. 5 at Vasilikos Power Station for its open cycle operations for the period 1 July-15 September 2011 with Eurosure Insurance Company Ltd.

The Authority is in constant contact with the two companies with which its property was insured in order to receive compensation for the damage incurred due to the explosion at the Evangelos Florakis Naval Base at Mari on 11 July 2011. Both insurance companies have agreed to pay the Authority for the damage suffered at Vasilikos Power Station.

Human Resources Management

The Authority's staff

The number of employees in post and their distribution by category is shown below:

	2011	2010
Professional	277	282
Clerical	389	394
Technical	1 704	1 741
Total Permanent Employees	**2 370**	**2 417**
Other	50	50
Total	**2 420**	**2 467**

One employee who is still missing since the Turkish Invasion of 1974 is included in the above figures. The employees in active service **at the end of the year were, therefore 2 419.**

«Other» employee refers to employees which their conditions of employment are regulated by a certain collective agreement.

The Authority's pensioners

The total number of pensioners at the end of the year who received pension was 1 061 (including 8 missing persons since the Turkish invasion of 1974) compared to 1 033 at the end of the previous year. In addition 272 pensions were paid to widows and orphans of deceased pensioners/employees compared to 271 at the end of the previous year.

Manpower indicators and Productivity

Variations in productivity are shown in Figure 8 (page 70) which indicates the relationship between the Authority's manpower, the total units billed and the number of consumers during the ten year period 2002-2011.

Absenteeism due to sickness and/or industrial accidents was 3,1% or 11 days per EAC employee compared to 3,7% or 13,2 days per employee at the end of the previous year, while comparing the 2010 and 2011 sick leave totals, that is 33 234 and 27 123 days respectively, there is a reduction of 18,4% (6 111 days). Figures show that the set goal for a 10% reduction on sick leave by the year 2012 has already being surpassed and this is attributed to the introduction of a new system for managing sick leave.

INDUSTRIAL RELATIONS

Throughout the year, EAC's representatives, met with the Employee Unions and had intensive discussions on a number of important issues.

In particular, by mid-year the Ad-hoc committee proceedings for EAC's organisational improvement completed a cycle of meetings.

The committee has an advisory role to the Board and its members come both from EAC's Board and Management as well as from the Unions and during the discussions, they dealt productively with issues concerning:

- The restructuring of EAC's Organizational structure.
- The improvement of EAC's conditions of employment.
- The increase in EAC's Productivity.
- Minimising the Organisations expenses.
- Union proposals.

The work for the restructuring of the Organisational structure was delegated by the Ad-hoc committee to a working group which managed to reach an agreement with the Unions and implement the first stage of the process concerning the restructuring of work proceedings in the Head Office and Area Offices.

During the year, the Authority's Human Resources Management conducted several meetings with the Employee Unions within the stuff Relations Committees Framework and agreed issues concerning changes in the Flextime Scheme, the Early Retirement Scheme, the introduction of a new system for managing sick leaves. Furthermore, the two sides discussed staffing issues and ways to resolve staff issues caused by the destruction of Vasilikos Power Station.

A number of meetings between the Human Resources Management, the Employee Unions and a Mediator from the Ministry of Labour & Social Insurance dealt with reaching a settlement on industrial disputes.

Human Resources Management

HUMAN RECOURSES DEVELOPMENT

Education and Training

During 2011, 698 members of the staff attended 56 in-house courses and seminars, organised by the Authority's Training School, which covered a wide range of topics. Furthermore, 138 employees participated in various open educational programmes and training courses, organised by local educational institutions and organisations, whilst 19 members of the professional staff attended training courses or participated in conferences and seminars abroad. In total 855 employees attended training courses at an overall cost of €57,26 per employee. The in-house training courses were subsidised by the HRDA with the amount of €44.846,31.

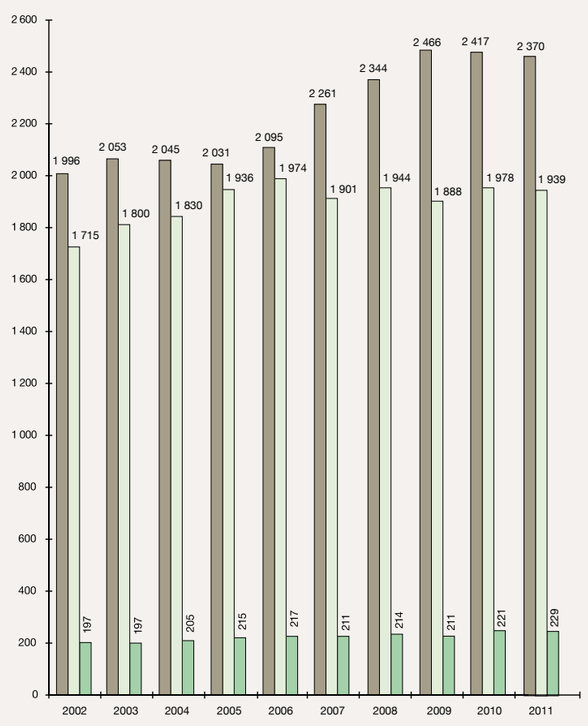


Figure 8

MANPOWER INDICATORS

Within its corporate social responsibility initiative EAC offered a six-month industrial training to nine University and Higher Technical Educational Institutions students and summer vacation training to 30 University students. Moreover EAC participated in the programme of the International Association for the Exchange of Students for Technical Experience (IAESTE) offering technical experience to six international students.

Promotions

During 2011 the procedure for promoting 47 employees was completed.

Recruitment/Retirements/Termination of Employment

During the year, two new employees were recruited to fill vacant posts. It should be noted that during the year 21 employees retired, 11 employees took advantage of the early retirement scheme, 14 employees chose early retirement, two employees terminated their services, one employee retired for health reasons and one employee was forced to terminate his service.

Scholarships

During the year, EAC offered 13 scholarships to children of employees attending University courses abroad, seven scholarships to children of employees attending courses in Cyprus.

SAFETY, HEALTH AND WELFARE

Medical Care

During the year the EAC contributed €7.095.483,75 (€6.811.509,66 in 2010) to EAC Employees Medical Fund, as well as €51.260 (€201.260 in 2010) to the Special Medical Fund set up to cover expenses incurred in the treatment of serious cases, in Cyprus and abroad. The beneficiaries of the Fund, as at 31 December 2011 were 9 281 (2 379 employee-members, 1 057 pensioners and 5 845 dependants).

Benevolent Funds

The EAC's Employees Benevolent Funds continued to function satisfactorily during the year. The financial relief offered to needy members, pensioners or members of their families, exceeded €325.000. This sum includes the monthly financial assistance offered by the EAC to ex-employees who retired prior to 1978 with Provident Fund benefits, as well as to their widows. It also includes the financial assistance to other ex-employees due to the recognition of their previous service with the ex-private Electric Companies after their being undertaken by the EAC. The members of the Funds, as at 31 December 2011 were 2 237.

Welfare Funds

EAC Employees' Welfare Funds continued to function satisfactorily during the year offering several facilities to the members and their families.

Long Service Certificates and Awards

The following Awards were presented:

- The EAC's Long Service Certificates were awarded to 45 employees, who retired during 2011 and had completed more than 20 years of service.
- The EAC's Gold Plated Plaques were awarded to 15 employees, who had completed during 2011, 40 years of service and silver metals were awarded to 39 employees who had completed 30 years of service.

Human Resources Management

OCCUPATIONAL HEALTH AND SAFETY

Health and Safety Management

The Electricity Authority of Cyprus has successfully completed the project on the development of the "Health and Safety Management System" and it has been uploaded on the EAC portal server aiming to become a useful tool in the workplace. An introduction course on the implementation of the "Health and Safety Management System", which aims at the continuous development and improvement on occupational health and safety matters within the Organisation, has been organised by the Safety Officers in collaboration with the Area and Power Stations management.

Furthermore, a Health and Safety booklet was prepared and printed out, in a simple comprehensible language. The booklet contains information and directives on health and safety matters of the work and activity of the Electricity Authority of Cyprus which all members of the staff should be aware of.

Health and Safety in the working environment

The Safety Committees held regular meetings during the year, adhering to legislation requirements and gave their professional views to the Management for dealing and solving various problems concerning health and safety issues.

During the year 2011, the Safety Officers of the Organisation performed on site safety audits, which covered all the works carried out by the Electricity Authority and gave consultation on health and safety matters to the personnel. Furthermore, audits were also carried out on sub-contracted projects to ensure, that they comply with the health and safety issues and legislations.

After the explosion on the nearby Naval Base on the 11th July, the Health and Safety department of EAC's Human Resource Management prepared a Safety Plan and adapted the written risk assessment for the new situation in Vasilikos Power Station. The Health and Safety plan aims to describe the necessary health and safety measures for preventing any injury and to ensure that the works are carried out in a safe manner, avoiding the exposure of human life in any kind of danger.

Education/Training

A complete in depth training on working with safety at height was delivered successfully to the technical staff, who work in the overhead construction of EAC Area Offices. Furthermore, a tailor made course to cover the Power Stations' needs has been also offered to Power Stations' personnel.

All persons who received the above training have been equipped with a complete set of the necessary Personal Protective Equipment for working at height.

Further training and seminars on Health and Safety matters have been organised during the year by the Safety Officers according to the needs of the Organisation. Furthermore, during the Safety Week fire drills have been organised in all Area Offices and Power Stations.

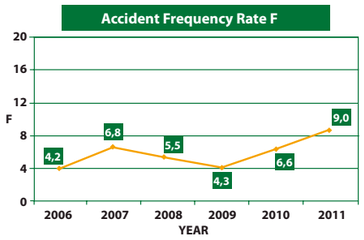
Accidents

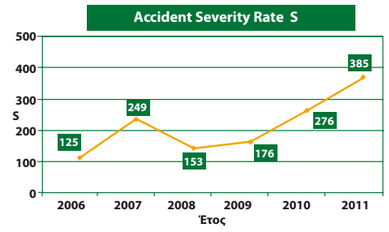
During the past year a total number of 44 occupational accidents occurred with 55 injuries, three of which were road accidents. All the accidents have been investigated and evaluated by the Central Safety Committee.

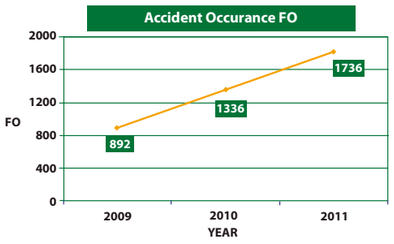
Due to the explosion of the 11th of July, extended damages were caused to Vasilikos Power Station and 13 people (11 EAC personnel and 2 security personnel) who were on duty, have been injured.

The graphs below show the variation of the two indexes, Frequency Index (F), Severity Index (S) and Occurrence (FO) for the period 2006 to 2011. The Frequency index shows the number of accidents in relation to the total worked hours in the Organisation and the Severity Index shows the days lost in relation to the worked hours in the Organisation and the Occurrence Index shows the number of accidents in relation to the number of employees.

The Frequency Index (F) for EAC in relation to the previous year has been increased from 6,6 to 9,0 and the Severity Index (S) has been increased from 276 to 385.







Safety Week and Fire drill exercises

The EAC's Safety Week was once more organised with success in the beginning of February 2011. During the Safety Week various events took place, including lectures on occupational safety and health matters, fire drills and evacuation exercises in co-operation with the Fire Department. These activities gave the opportunity to staff to get engaged with the matters of occupational health and safety matters.

Safety Awards

The safety award in memory of Archbishop Makarios III for the year of 2011 was given to the Ammochostos-Larnaka District Area Office. The safety award in memory of Georgios Kontopoulos was given to the Moni Power Station.

Corporate Business Development Unit

STRATEGIC PLANNING MANAGEMENT

EAC Strategy

With the aim of ensuring the Organisation's efficient operation in an environment where the business equilibrium is going through a transitional yet decisive stage, due to the partial liberalisation of the Energy Market, and taking into consideration the forthcoming competition, the Electricity Authority of Cyprus is using a systematic process for Strategy development, Policy formulation and Annual Business Planning, via the Balanced Scorecard method. The process focuses on the alignment of efforts and the optimum use of resources by all the Organisation's Units, for the achievement of the EAC's Strategic Aims and the realisation of its Vision. All of the above will have an important contribution towards the Business Improvement of the Organisation

The Corporate Business Strategy of EAC was revised for a period of three years, 2010-2012. The main domains of the Corporate Business Strategy of the Organisation 2010-2012, are the following:

- Electricity domain (Production, Transmission, Distribution and Supply)
- Other business activities – Liguified Natural Gas, Renewable Energy Sources, Desalination, Telecommunications
- Improvement of the Organisation's Procedures

During the revision of the Corporate Business Strategy, the Critical Strategic Initiatives were determined, identified and coded with the use of the Balanced Scorecard method.

Business Continuity Management System

The ability of the Organisation to recover its critical Processes and Business Operations from a disaster through a Business Continuity Plan, became an extremely important matter for EAC, especially after the loss of the Vasilikos Power Station on the 11th of July 2011.

Due to the above, EAC decided to design and implement a Business Continuity Management System. The whole procedure began at the end of 2011 and is expected to finish in approximately two years.

NEW BUSINESS DEVELOPMENT

The New Business Development department focused on the development of new activities and the use of new technology as a counterbalance to the predicted reduction in the EAC's share of the liberalised electrical energy market.

Telecommunications

In 2011 EAC continued leasing part of its infrastructure to its strategic partners, for the commercial use of optical fiber network and other facilities and services for telecommunication purposes.

Various technical and economic issues were resolved with the two EAC's strategic partners, Primetel PLC and Cablenet Communications Systems Ltd.

In the context of its development into new activities EAC continued to license land to MTN in the Vasilikos Power Station and in the Athalassa Substation, for the installation of antennas for mobile telephony.

During the year, a study on the evaluation of policy for the installation of plastic ducts for telecommunications purposes has been completed.

Desalination

After a request by the Water Development Department of the Ministry of Agriculture, Natural Resources and Enviroment EAC called for tenders for the construction of a desalination plant at Vasilikos Power Station.

Following the award of the contract in February 2010 the construction of the desalination unit at Vasilikos Power Station began in the summer of 2010. The unit will have a production capacity of 60 000 m^3 of desalinated water per day and was expected to commence commercial operation in February 2012.

After the explosion at Mari Naval Base and the destruction of Vasilikos Power Station the erection work of the desalination unit has stopped. The damages caused are evaluated and the area is being cleared. The contractor has already submitted a new work programme for approval by the Engineer of the Project.

Renewable Energy Sources (RES)

Various proposals for joint ventures are being studied for the generation of electricity by Renewable Energy Sources (RES).

In particular studies are being carried out for the installation of a solar thermal power station at Akrotiri in Lemesos, in an area which belongs to the Bishopric of Lemesos. A cooperation agreement has already been signed between EAC and the Bishopric of Lemesos for implementing the project and techno-economic and environmental studies have already been completed. Architectural and construction drawings have been prepared and submitted to the District Administration of Lemesos for the purpose of obtaining a Building Permit.

Corporate Business Development Unit

The terms of a possible cooperation for the installation of a Photovoltaic Park in the parking space of the new airport in Larnaka with total power 4,5MW have been examined, making the airport a pioneer “Green Airport”. The decision of the Government is now pending.

EAC called for tenders for the installation of a Photovoltaic Park in the EAC Tseri Substation. EAC and the successful contractor will bid in the auction to be announced by the Government for photovoltaic parks of capacity up to 10MW.

In addition, the involvement of EAC as a partner in wind energy projects is being examined. An Expression of Interest was issued for selecting potential partners and after the submission of proposals EAC preselected for further evaluation the companies that secured a subsidy from the Special Fund of RES and Conservation of Energy.

In the context of a financing program of the European Union, NER 300, for the financing of innovative technologies in the renewable energy sources sector, the relative files were prepared and six applications were submitted for financing of RES projects with EAC’s participation.

RESEARCH AND DEVELOPMENT UNIT

During 2011, EAC has continued its active participation in five research projects, GROW-DERS, 7MW-WEC-by-11, IntelliSYS, MACCSol and IPIN. GROW-DERS is funded by the Sixth Framework Program of Research and Development of the EU, while 7MW-WEC-by-11, IntelliSys and MACCSol are funded by the Seventh Framework Program and IPIN is funded by the Cross-border Cooperation Program Greece-Cyprus 2007-2013.

Brief description of the above five research projects is given below:

- GROW-DERS Research Project: “Grid reliability and operability with distributed generation using transportable storage”. The main objective of this project is to use transportable and flexible electrical power storage systems on an experimental basis, and assess their operation. The results of this innovative project will demonstrate the effectiveness of the feasibility of using such storage systems in the European electricity distribution grids of the future.

- 7MW-WEC-by-11 Research Project: “Pilot demonstration of eleven 7 MW-Class WEC at Estinnes in Belgium”. The aim of this project is to design, develop, construct and operate a large scale pilot wind park made up of eleven 7 MW wind turbines incorporating innovative power electronics and highly reliable wind forecasting technologies. It is envisaged that these technologies will improve the power grid stability and also the cost effectiveness of the wind park. Within the scope of 7MW-WEC-by-11 is to transfer the learned technical expertise into the islanding power system of Cyprus. More specifically, special simulation software will be developed for the evaluation of the development of large scale wind parks in Cyprus potential, with the use of innovative technology or power grid stability, which will take into consideration the special requirements of the small and isolated power system of Cyprus.

- IntelliSYS Research Project: “Intelligent Monitoring, Control and Security of Critical Infrastructure Systems”. The main objective of this project is to form a European-wide scientific and technology knowledge platform and instigate interdisciplinary interaction in the development of innovative intelligent monitoring, control and safety methodologies for critical infrastructure systems, such as electric power systems, telecommunication networks, and water systems.

- MACCSol Research Project: “The development and verification of a novel modular air cooled condenser for enhanced concentrated solar power generation”. The aim of this project is to develop an efficiently competitive air cooled condenser technology compared to water cooled condenser technologies used in concentrated solar thermal power technologies in areas with low water quantities. Within the scope of MACCSol is the development of mathematical models for techno-economic analysies of the financial viability of the developed technology. This emerged technology has been put under the research priorities of the European Union since it is expected by the 2020, that 10 units of solar thermal systems will be installed for commercial use in the countries of the South Europe and North Africa.

- IPIN Research Project: “Solar thermal production of electricity and water”. The aim of this project is the technical confirmation of the innovative idea of cogeneration of desalinated water and electricity in a small scale and in real conditions. At the same time, the best way to integrate this technology into Cyprus and Greece will be investigated.

The Research and Development unit of EAC has co-organised the International Conference “3rd International Conference on Renewable Energy Sources and Energy Efficiency”, in Lefkosia between 19 and 20 May of 2011, the Workshop “Workshop on wind power integration in small isolated island systems”, in Lefkosia at 20 May of 2011 and the Workshop “Energy Issues facing Cyprus Workshop”, in Lefkosia at 14 October of 2011, in order to disseminate the results of research and development activities.

Finally, the Research and Development unit of EAC carried out several studies regarding new innovative technologies, such as electric vehicles, wave energy and air-cooled and water-cooled condensers integrated in concentrated solar power plants. Furthermore, the unit participated in the update of the strategic plan of Cyprus for the electricity production from renewable energy sources and examined the possibility of early deployment of PV systems in the Cyprus power system and elaborated a regulatory impact study for current legislation in Cyprus on renewable energy. Moreover, the unit has produced a number of papers published in referred international journals and has presented the research and development activities of EAC in a number of international conferences and workshops.

QUALITY ASSURANCE & BUSINESS EXCELLENCE

The Electricity Authority of Cyprus, as the Organisation responsible for the generation, transmission, distribution and supply of electricity in Cyprus, understands that it has obligations and responsibilities towards the Cypriot consumer. For this purpose and with the aim of continuously improving the quality of services it provides, while at the same time minimising the unwanted effects of its activities on the environment, the EAC is implementing Quality and Environmental management systems, certified to ISO9001:2008 and ISO14001:2004 standards respectively.

Key objectives are: minimising operational cost, increasing productivity, improving Quality and minimising EAC’s carbon footprint.

Corporate Business Development Unit

During 2011, in the context of continuous improvement, the following actions were carried out:

Integrated Management System

Following communication with the relevant Key process owners and after coordinating with them, a plan of action was devised, in order to deal with all the non conformances that were raised by the Cyprus Certification Company (CCC) during their recent audit. All actions that were implemented were then presented to CCC, which accepted them and proceeded to issue the ISO 9000 and ISO 14000 certificates for EAC.

Management Representative

The General Manager has been appointed Management representative both for the ISO9001:2008 and the ISO14001:2004 management systems. The appointments confirm that issues such as Quality and Environmental management are considered highly important for the EAC.

Award presented to the General Manager

During the Quality Day ceremony, organised on the 7th of December, the EAC's General Manager was awarded with an Honorary Distinction by the Cyprus Certification Company and CYS, for all the work that has been achieved in EAC, regarding Quality management.

Award to EAC

The case study presented by EAC entitled: «Integrated business planning through systematic deployment of key process indicators in an electric utility" was selected, after careful evaluation, to represent Cyprus at the 6th Quality Conference - "Doing the right things Right", organised by the European Public Administration Network which took place in Poland in September 2011.

Bimonthly Management reviews

As an alternative method of presenting results to the General Manager and the Management council, various bimonthly management reviews were prepared and presented to them.

Cyprus Energy Regulator Authority Performance Indicators

The results of the system measuring the CERA related performance indicators are sent on an annual basis both to CERA and to the EAC top management.

SAP Performance indicators system

A new system for measuring process performance indicators via the SAP system has been implemented. The new system allows for the process flowcharts to be documented, so as to aid the understanding of how the processes work and what actions need to be taken for every process. In addition, the new system makes performance indicator comparisons between Area Offices more accurate as it ensures that the indicators range (start-finish) is the same for all Area Offices.

Updating of records in Intranet Portal

The updating of the relevant records and documents of the Management system is continuing in the Intranet portal, after the necessary approvals by the Key process owners is completed.

Target setting

The procedure for target setting, using the top/down approach has been designed and approved by the General Manager. All Key Process owners are in the process of finalising their key process indicators, which are necessary to achieve the Corporate key process indicators and targets.

All work has been done in line with EAC's medium term strategic objectives. In this way, all indicators for all EAC processes and procedures will be aligned aiming towards achieving the targets set by the top management for the following year. In total eighteen indicators have been selected and these indicators now form the General Manager's scorecard.

Implementation of a workflow based electronic system for managing audit non-conformances, employee suggestions and planning of internal audits

The project for setting up a fully workflow based electronic system, operating in the Portal environment is underway. Through this system, management of all employee suggestions and innovative ideas and also internal audits and non-conformances will be done substantially faster and more efficiently than before, reducing the overall cost associated with the management of these systems. The system is expected to commence during the first half of 2012.

Access to this system will be through the Intranet portal, thus ensuring flexibility and ease-of-use.

Workshops for re-engineering and process harmonisation

A number of workshops have been conducted with the aim of achieving continuous improvement and harmonizing the various processes and procedures in all EAC Areas Offices and Head Office. These workshops were conducted in close coordination with all relevant Key process owners. During 2012, the aim is for the number of workshops to be increased, involving all possible Key processes thus simplifying EAC operations, reducing the costs associated with its operations, reducing time to serve customers and improving productivity.

Implementation of Environmental Management System

In November 2011, the EAC signed an agreement with Telli Enterprises Ltd, for the recycling of all used toners. EAC is already recycling a large number of other used products, such as batteries, electrical items, packaging materials etc, through agreements with Green Dot, WEEE Electrocyclosis Ltd and AFIS.

Target setting of Environmental management system indicators

After close coordination with all involved (the General Manager and relevant Key process owners) an Environmental Scorecard has been prepared. Thirteen indicators in total have been identified and measured. These indicators measure consumptions, non conformances and costs, both regarding green gas emissions and other types of emissions. The targets for 2012 have also been set. Relevant action plans have been set up to ensure that the targets for these indicators will be met.

Corporate Finance Unit

FINANCIAL STATEMENTS

The financial statements of the EAC for the year 2011 together with the supporting statements are set out in pages to 94 until 132. The principal financial statistics for the ten-year period 2002-2011 are summarised on page 84.

Table 3

Consolidated income statement for the year ended 31 December 2011 and changes from previous year

	€000	
	2011	**Increase (Decrease)**
INCOME		
Sales of electricity	856.129	79.739
Consumers' capital contributions	19.047	1.192
Temporary Generators Cost Recovered by the Republic of Cyprus	17.229	17.229
Temporary Surcharge	19.858	19.858
Other operating income	12.275	(2.899)
Finance income	1.579	839
	926.117	115.958
OPERATING COSTS	(841.649)	(143.587)
Operating profit	84.468	(27.629)
Finance costs	(8.991)	1.252
Profit before tax	75.477	(26.377)
Tax	(7.788)	2.652
Provision as a result of Tax Council Decision	1.896	20.135
Net profit for the year	69.585	(3.590)
Units sold (million kWh)	4 594,9	(187,1)

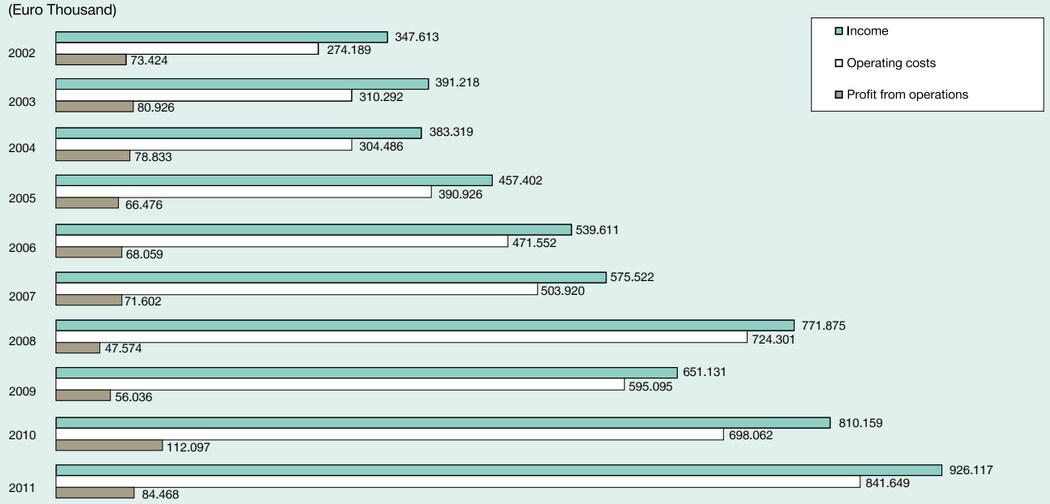
FINANCIAL RESULTS

The financial results for the year and the changes from the previous year are shown in Table No. 3 above. The income from sales of electricity for the year, totalled to €856.129.000 showing an increase of €79.739.000 or 10,3%.

Figure 9

Income, operating costs & profit from operations

(Euro Thousand)



The total operating costs were €841.649.000 showing an increase of €143.587.000 or 20,6%. After accounting for finance costs amounting to €8.991.000 there was a profit before tax of €75.477.000 compared to a profit of €101.854.000 in the previous year. After the deduction of tax amounting to €5.892.000, the net profit was €69.585.000 (2010:€73.175.000).

ANALYSIS OF OPERATING COSTS

Table 4 (page 82) gives an analysis of the operating costs according to each category. The principal factors underlying the changes are reviewed below.

The average cost of fuel oil used by the EAC power stations increased by 27,3% to €462,11 per metric tonne. The consumption decreased by 3,4% to 1.169 thousand metric tonnes. As a result of the above the fuel oil bill increased by €100.931.000 to €540.441.000.

The purchase of electricity from third parties amounted to €46.223.000 increased by 855% due to the increase purchase of energy from renewable sources and purchase from third parties due to the explosion at the naval base at Mari.

The cost of temporary generating units €17.229.000 has been recovered from the Republic of Cyprus, an equal amount is included in income.

The cost for greenhouse gas emission rights was zero as the power station of Vasilikos was set out of operation after the event at Mari.

The total salaries, related costs and deficiency contribution to pension schemes amounted to €136.389.000 out of which €20.512.000 was capitalised in fixed assets and work in progress. The amounts capitalised relate to expenditure for development projects executed by the Authority's employees during the year. An amount of €115.877.000 or 85,0% was charged to the income statement. The increase of €3.258.000 or 2,4% to the total salaries and related costs charge is due mainly to the increase in the cost of living allowance.

The deficiency contribution to pension schemes was €16.147.000 (2010: €13.649.000). This contribution was the result of the latest actuarial valuation carried out as of 31 December 2011.

Materials services and other expenditure were €44.823.000 (decrease of €5.879.000 or 11,6%).

The depreciation charge was €77.056.000 (increase of €1.663.000 or 2,2%).

Corporate Finance Unit

Table 4

Analysis of Operating costs

	2011			Increase(Decrease) over 2010	
	€000	%	Cents per kWh sold	€000	%
Fuel oil	540.441	64,2	11,762	100.931	23,0
Purchase of electricity from third parties	46.223	5,5	1,006	41.383	855,0
Temporary Generators Cost	17.229	2,1	0,375	17.229	100,0
Greenhouse gas emission rights	-	0,0	0,000	(6.436)	(100,0)
Salaries and related costs	99.730	11,8	2,170	(7.802)	(7,3)
Deficiency contribution to pension schemes	16.147	1,9	0,351	2.498	18,3
Materials, services and other expenditure	44.823	5,3	0,976	(5.879)	(11,6)
Depreciation	77.056	9,2	1,677	1.663	2,2
TOTAL	841.649	100,0	18,317	143.587	20,6

CAPITAL REQUIREMENTS AND SOURCES OF FINANCE

Capital expenditure during the year amounted to €214.718.000 compared with €281.976.000 in 2010 (decrease of €67.258.000).

The amount paid for taxation during the year amounted to €28.435.000 (2010:€5.327.000).

Loan and bank overdraft repayments amounted to €44.607.000 (2010: €62.154.000).

Out of the total financing requirements of €287.760.000 internal sources and consumers contributions provided €154.978.000 and the balance of €132.782.000 was covered by bank overdrafts. Table 5 below shows the financing requirements during the year and the sources of finance.

Table 5

Financing Requirements and Sources of Finance

	2011		2010	
	€000	%	€000	%
FINANCING REQUIREMENTS				
Tax	28.435	9,9	5.327	1,5
Capital expenditure	214.718	74,6	281.976	80,7
Bank overdraft / loan repayments	44.607	15,5	62.154	17,8
	287.760	100,0	349.457	100,0
SOURCES OF FINANCE				
Profit before tax	75.477	26,2	101.854	29,1
Depreciation less consumers' contributions	58.009	20,2	57.538	16,5
Proceeds from disposal of fixed assets	111	0,1	1.302	0,4
Unrealised foreign exchange loss	60	0,0	681	0,2
Consumers' contributions	33.077	11,5	41.484	11,9
Working Capital changes	(11.756)	(4,1)	(48.402)	(13,9)
	154.978	53,9	154.457	44,2
Bank overdrafts/ Loans	132.782	46,1	195.000	55,8
	287.760	100,0	349.457	100,0

FINANCIAL POSITION AT END OF YEAR

The historical cost of the assets employed at 31 December 2011 was €2.807.002.000 and total provision for depreciation was €880.131.000. As a result the written down value of the assets employed was 68,6% of the original cost. The total net assets at 31 December 2011 were €1.832.646.000. Finance derived from loans (€403.608.000 or 22,0 %) other long term liabilities (€469.570.000 or 25,6 %) and the balance (€959.468.000 or 52,4%) from own sources.

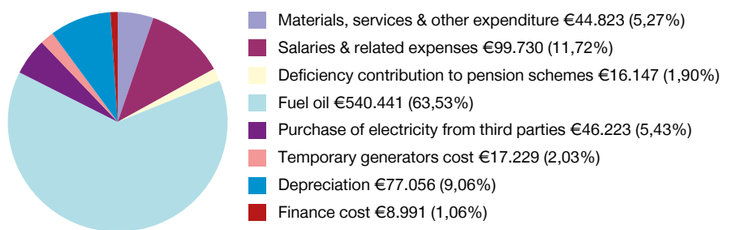
H. THRASSOU
CHAIRMAN

S. STYLIANOY
GENERAL MANAGER

Figure 10

Expenditure

(Euro Thousand)
As percentage of total revenue



Corporate Finance Unit

TABLE 6

Principal Financial Statistics 2002-2011
During The Financial Year To 31 December

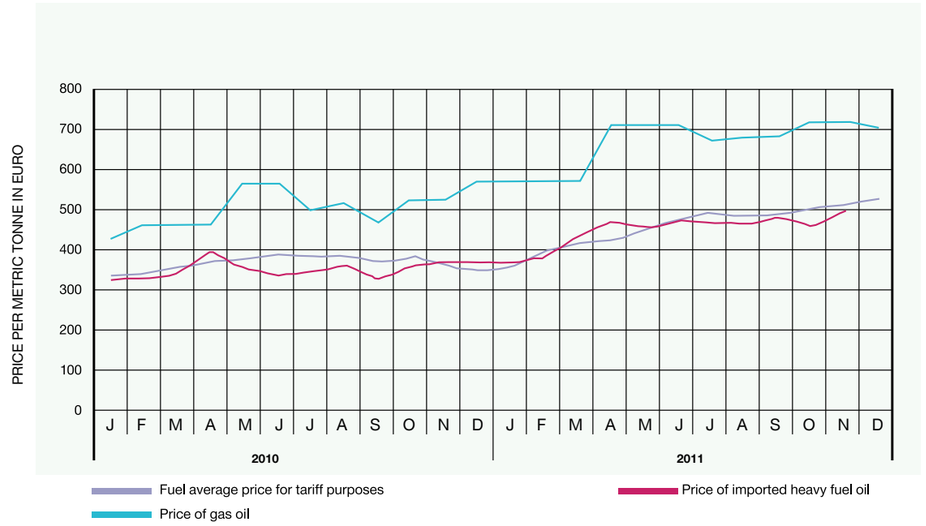
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Units sold (million kWh)	3 423	3 696	3 742	3 933	4 135	4 298	4 556	4 656	4 782	4 595
Consumption in the turkish occupied area (million kWh)	6	7	8	7	7	8	9	8	8	7
Total units (million kWh)	3 429	3 703	3 750	3 940	4 142	4 306	4 565	4 664	4 790	4 602
Installed capacity (MW)	988	988	988	988	988	1 118	1 168	1 388	1 438	965
INCOME (€ THOUSAND)										
Sales of electricity	330.814	373.464	361.041	432.177	513.105	546.737	736.215	627.253	776.390	856.129
Consumers capital contributions	9.553	10.286	11.138	12.064	13.085	14.241	15.389	16.655	17.855	19.047
Temporary Generators Cost Recovered by the Republic of Cyprus										17.229
Temporary surcharge										19.858
Other operating income	1.090	866	2.421	905	3.182	4.869	5.575	5.846	15.174	12.275
Finance income	6.156	6.602	8.719	6.976	4.799	2.615	2.637	1.377	740	1.579
Total Income	347.613	391.218	383.319	452.122	534.171	568.462	759.816	651.131	810.159	926.117
OPERATING COSTS (€ THOUSAND)										
Operating costs	234.285	264.560	258.352	332.034	411.365	438.661	652.539	523.569	622.669	764.593
Depreciation	39.904	45.732	46.134	53.612	54.747	58.199	59.703	71.526	75.393	77.056
Total operating costs	274.189	310.292	304.486	385.646	466.112	496.860	712.242	595.095	698.062	841.649
Operating profit	73.424	80.926	78.833	66.476	68.059	71.602	47.574	56.036	112.097	84.468
Finance costs	(9.437)	(14.585)	(12.363)	(8.551)	(13.182)	(14.779)	(19.310)	(10.757)	(10.243)	(8.991)
Profit before tax and exceptional item	63.987	66.341	66.470	57.925	54.877	56.823	28.264	45.279	101.854	75.477
Exceptional item	(34.172)	(42.715)	(25.629)	(1.184)	-	-	-	-	-	-
Profit before tax	29.815	23.626	40.841	56.741	54.877	56.823	28.264	45.279	101.854	75.477
Tax	(8.475)	(7.953)	(16.235)	(16.671)	(16.251)	(16.802)	(7.933)	58.305	(10.440)	(7.788)
Provision as a result of the Tax Council Decision									(18.239)	1.896
Net profit for the year	21.340	15.673	24.606	40.070	38.626	40.021	20.331	103.584	73.175	69.585
RATIOS TO TOTAL INCOME										
Profit from operations (%)	21,1	20,7	20,6	14,7	12,7	12,6	6,3	8,6	13,8	9,1
Profit before tax (%)	8,6	6,0	10,7	12,5	10,3	10,0	3,7	7,0	12,6	8,1

Consolidated Balance Sheet At 31 December

ASSETS (€THOUSAND)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non Current assets										
Property, plant and equipment	897.590	977.057	1.082.047	1.124.526	1.185.076	1.285.124	1.387.312	1.583.500	1.789.271	1.926.871
Trade and other receivables	5.925	5.081	4.685	3.812	2.860	1.898	1.800	1.845	2.302	2.028
	903.515	982.138	1.086.732	1.128.338	1.187.936	1.287.022	1.389.112	1.585.345	1.791.573	1.928.899
Current assets	358.830	377.181	288.349	302.096	293.755	280.641	325.719	259.762	329.501	372.388
Total assets	1.262.345	1.359.319	1.375.081	1.430.434	1.481.691	1.567.663	1.714.831	1.845.107	2.121.074	2.301.287
RESERVES AND LIABILITIES (€THOUSAND)										
Reserves										
Revenue reserve	549.110	564.783	589.389	629.459	642.456	682.478	702.809	806.393	879.568	943.913
Government grant	15.555	15.555	15.555	15.555	15.555	15.555	15.555	15.555	15.555	15.555
	564.665	580.338	604.944	645.014	658.011	698.033	718.364	821.948	895.123	959.468
Non – current liabilities										
Borrowings	228.235	295.950	290.874	276.462	243.396	265.372	334.773	300.750	451.597	403.608
Deferred tax liabilities	69.791	73.996	73.075	79.231	84.036	91.042	98.056	38.402	24.479	27.762
Deferred Income	248.507	266.254	285.679	307.533	332.807	356.580	382.973	406.250	428.704	441.808
	546.533	636.200	649.628	663.226	660.239	712.994	815.802	745.402	904.780	873.178
Current Liabilities	151.147	142.781	120.509	122.194	163.441	156.636	180.665	277.757	321.171	468.641
Total Liabilities	697.680	778.981	770.137	785.420	823.680	869.630	996.467	1.023.159	1.225.951	1.341.819
Total reserves and liabilities	1.262.345	1.359.319	1.375.081	1.430.434	1.481.691	1.567.663	1.714.831	1.845.107	2.121.074	2.301.287

Figure 11

Prices paid for fuel oil & average prices used for tariff purposes (fuel adjustment clause)



Auditor's Report and Financial Statements

Report and consolidated financial statements
31 December 2011

Contents

Electricity Authority of Cyprus

Report of the Board of Directors

1. The Board of Directors presents its report together with the audited con solidated financial statements of the Authority and its subsidiaries Elektriki Ltd and EAC LNG Investments Company Ltd (together the "Group") for the year ended 31 December 2011.

Principal activities

2. The principal activities of the Authority, which have not changed since last year, is the generation, transmission, distribution and supply of electricity in Cyprus. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services and knowhow.

Review of business developments, position and performance of the Authority's business

3. The profit of the Authority for the year ended 31 December 2011 was €69.585 thousand (2010: profit of €73.175 thousand). On 31 December 2011 the total assets of the Authority were €2.301.287 thousand (2010: €2.121.074 thousand) and the net assets were €959.468 thousand (2010: €895.123 thousand). The financial position of the Group as presented in the consolidated financial statements is considered satis factory. The Board of Directors is not anticipating any significant changes in the activities of the Authority in the foreseeable future.

4. On the 11th of July 2011 an explosion in the Evangelos Florakis Naval Base, near Vasilikos Power Station, caused extensive damages on the property, plant and equipment of the Station taking the Station out of commission. The Station provided 60% of EAC's generation. The dam ages caused by the event have not been identified and estimated yet.

Principal risks and uncertainties

5. The principal risks and uncertainties faced by the Authority are disclosed in notes 3 and 26 of the financial statements.

Future developments of the Authority

6 The Board of Directors of the Authority does not expect any significant changes or developments in the operations, financial position and per formance of the Authority in the foreseeable future.

Results

7. The results of the Group for the year are presented on page 94. The net profit for the year is transferred to reserves.

Board of Directors

8. The members of the Board of Directors at 31 December 2011 and at the date of this report are presented on page 10. All were members of the Board throughout 2011 except for Mr. Christis Enotiades who was a member as at 1 January 2011 and resigned on 31 July 2011 and was replaced by Mr. Kyriacos Kyriacou on 1 August 2011.

9. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet date

10. Except of the issue discussed in Note 29 of the consolidated financial statements, there were no material post balance sheet events which have a bearing on the understanding of the consolidated financial statements.

Branches

11. The Group did not operate through any branches during the year.

Independent Auditors

12. The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office.

By order of the Board of Directors

Harris Thrassou
Chairman

29 May 2012
Nicosia

Independent auditors' report To the Members of Electricity Authority of Cyprus

Report on the consolidated financial statements

We have audited the consolidated financial statements of Electricity Authority of Cyprus (the "Authority") and its subsidiaries (together with the Company "the Group"), which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Electricity Development Law Cap. 171, the Public Corporate Bodies (Audit of Accounts) Laws of 1983-2007, the Laws Regulating the Electricity Market of 2003-2008 and the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As discussed in Notes 1, 16 and 18 of the consolidated financial statements, the total losses caused by the event of the 11th of July 2011 at Mari have not been accurately identified or evaluated yet, and as a result these consolidated financial statements have not accounted for the impairment in the value of property, plant and equipment of the Vasilikos Power Station of net book value €665 million and the reduction in the net realizable value of the inventory of the Vasilikos Power Station of cost value €20 million. In our opinion, the value of property, plant and equipment and inventory does not comply with the requirements of IAS 36 "Impairment of Assets" and IAS 2 "Inventories". Also due to the above event, the depreciation charge of property, plant and equipment of Vasilikos Power Station for the period July – December 2011 amounting to €9,2 million has been calculated on the value of property, plant and equipment that does not include the impairment charge, which in our opinion does not comply with the requirements of IAS 16 "Property, plant and equipment". The effect of the required adjustments in the value of property, plant and equipment of the Vasilikos Power Station, in the net realizable value of inventory of the Vasilikos Power Station, in the depreciation charge for the year and in the accumulated depreciation of property, plant and equipment of the Vasilikos Power Station at 31 December 2011 cannot be accurately estimated yet.

Also as discussed in Note 24 of the consolidated financial statements, an amount of €9,6 million received until 31 December 2011 by insurance companies, was netted off with an amount of €8,6 million spent by 31 December 2011 for the restoration of property, plant and equipment of the Vasilikos Power Station and was recognized upon receipt and has been included in trade and other payables. In our opinion this accounting treatment does not comply with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Electricity Development Law Cap. 171, the requirements of the Public Corporate Bodies (Audit of Accounts) Laws of 1983 – 2007, the requirements of the Laws Regulating the Electricity Market of 2003 – 2008 and the requirements of the Cyprus Companies Law Cap. 113.

Report on other legal and regulatory requirements

Pursuant to the requirements of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Authority, except as discussed in the basis for qualified opinion paragraphs.
- The Authority's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except as discussed in the basis for qualified opinion paragraphs.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Independent auditors' report To the Members of Electricity Authority of Cyprus

Other matter

This report, including the opinion, has been prepared for and only for the members of the Electricity Authority of Cyprus, as a body, the Minister of Commerce, Industry & Tourism, the House of Representatives and the Auditor General of the Republic in accordance with the Electricity Development Law Cap. 171, the Public Corporate Bodies (Audits of Accounts) Laws of 1983 -2007, the Laws Regulating the Electricity Market of 2003 -2008 and Section 34 of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Loizos A Markides
Certified Public Accountant and Registered Auditor
For and behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 29 May 2012

Report of the Auditor General of the Republic to the Electricity Authority of Cyprus

I have examined the foregoing report on the consolidated financial statements on pages 94 to 132 of the Electricity Authority of Cyprus for the year ended 31 December 2011, submitted by the appointed auditors in accordance with section 3(1) of the Public Corporate Bodies (Audit of Accounts) Laws and I am satisfied that it is appropriate.

Chrystalla Georghadji
Auditor General of the Republic

Nicosia 30 May 2012

Consolidated Financial Statements

Consolidated statement of comprehensive income
for the year ended 31 December 2011

	Notes	2011 €000	2010 €000
Revenue	6	**856.129**	776.390
Other operating income	7	**69.940**	33.279
Other gains	8	**48**	490
Operating costs	9	**(841.649)**	(698.062)
Operating profit		**84.468**	112.097
Finance costs	11	**(8.991)**	(10.243)
Profit before tax		**75.477**	101.854
Tax charge	12	**(7.788)**	(10.440)
Provision due to the decision of the Tax Council	13	**1.896**	(18.239)
Tax		**(5.892)**	(28.679)
Profit for the year		**69.585**	73.175
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**69.585**	73.175

The notes on pages 12 to 44 are an integral part of these financial statements.

Consolidated balance sheet
at 31 December 2011

	Notes	2011 €000	2010 €000
Assets			
Non-current assets			
Property, plant and equipment	16	**1.926.871**	1.789.271
Trade and other receivables	17	**2.028**	2.302
		1.928.899	1.791.573
Current assets			
Inventories	18	**145.803**	158.126
Trade and other receivables	17	**183.919**	131.598
Greenhouse gasses emission allowances		**1.808**	1.808
Short-term deposits	19	**33.078**	31.611
Cash and cash equivalents	20	**7.780**	6.358
		372.388	329.501
Total assets		**2.301.287**	**2.121.074**
Reserves and liabilities			
Reserves		**959.468**	**895.123**
Non-current liabilities			
Borrowings	21	**403.608**	451.597
Deferred tax liabilities	22	**27.762**	24.479
Deferred Income	23	**441.808**	428.704
		873.178	904.780
Current liabilities			
Trade and other payables	24	**185.832**	154.807
Current tax payable		**1.625**	22.210
Borrowings	21	**261.211**	125.107
Deferred Income	23	**19.973**	19.047
		468.641	321.171
Total liabilities		**1.341.819**	1.225.951
Total reserves and liabilities		**2.301.287**	2.121.074

On 29 May 2012 the Board of Directors of the Electricity Authority of Cyprus authorised these financial statements for issue.

H. THRASSOU
Chairman

S. STYLIANOU
General Manager

H. HADJIYEROU
Executive Manager Finance

The notes on pages 12 to 44 are an integral part of these financial statements.

Consolidated Financial Statements

Consolidated statement of changes in equity
for the year ended 31 December 2011

	Capital Reserve (1) €000	Revenue Reserve €000	Total €000
Balance at 1 January 2010	15.555	806.393	821.948
Comprehensive Income			
Profit for the year	-	73.175	73.175
Balance at 31 December 2010/ 1 January 2011	15.555	879.568	895.123
Defence charge on Deemed Dividend Distribution for the year 2009	-	(5.240)	(5.240)
Comprehensive income			
Profit for the year	-	69.585	69.585
Balance at 31 December 2011	15.555	943.913	959.468

(1) The Capital Reserve represents a government grant.

(2) For the year 2009 and onwards, organisations which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% (15% until 31.8.2011 and 17% for the period 1.9.2011 - 31.12.2011) will be payable on such deemed dividend at the end of the period of two years from the end of the year of assessment to which the profits refer. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Authority on behalf of the Government of Cyprus.

The notes on pages 98 to 132 are an integral part of these financial statements.

Consolidated Statement of cash flows
for the year ended 31 December 2011

	Notes	2011 €000	2010 €000
Cash flows from operating activities			
Profit before tax		75.477	101.854
Adjustments for:			
Depreciation of property, plant and equipment	16	77.056	75.393
Amortisation of consumers' capital contributions	23	(19.047)	(17.855)
Profit on sale of property, plant and equipment	8	(48)	(490)
Interest expense	11	12.824	9.560
Unrealised exchange loss		-	681
Interest income		(1.579)	(740)
		144.683	168.403
Changes in working capital:			
Inventories		12.323	(44.343)
Greenhouse gasses emission allowances		-	(1.808)
Trade and other receivables		(52.315)	(11.264)
Trade and other payables		31.206	36.890
Cash generated from operations		135.897	147.878
Tax paid		(28.435)	(5.327)
Net cash from operating activities		107.462	142.551
Cash flows from investing activities			
Short-term deposits		(1.467)	(31.423)
Purchase of property, plant and equipment	16	(214.718)	(281.976)
Proceeds from sale of property, plant and equipment		111	1.302
Additions to consumers' capital contributions	23	33.077	41.484
Interest received		1.847	403
Net cash used in investing activities		(181.150)	(270.210)
Cash flows from financing activities			
Proceeds from long term borrowings		-	195.000
Repayments of long term borrowings		(44.607)	(34.200)
Interest paid		(13.065)	(9.101)
Net cash (used in) / from financing activities		(57.672)	151.210
Net (decrease)/increase in cash, and cash equivalents and bank overdrafts		(131.360)	24.040
Net bank overdrafts at beginning of year		(74.000)	(98.040)
Net bank overdrafts at the end of the year	20	(205.360)	(74.000)

The notes on pages 12 to 44 are an integral part of these financial statements.

Consolidated Financial Statements

Notes to the consolidated financial statements

1. General Information

The Electricity Authority of Cyprus is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap.171 of 1952. It is managed by a Board of Directors, consisting of a Chairman, Vice-Chairman and seven members, who are appointed by the Council of Ministers.

The address of the Authority's Head Office is at 11 Amfipoleos Street, Strovolos, P.O.Box 24506, CY-1399 Nicosia, Cyprus.

The Electricity Authority of Cyprus pursuant to the above Law is engaged in the generation, transmission, distribution and supply of electricity. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services and knowhow.

With the accession of Cyprus to the European Union and the opening up of the electricity market to competition, the Electricity Authority of Cyprus in preparing for its harmonization with the European Union has taken all the necessary steps in order to conform with Directive 2003/54/EC of the European Parliament and of the Council of 19th December 1996 concerning common rules for the internal market in electricity.

Explosion at the Naval Base at Mari

On 11th of July, 2011 an explosion occurred at the naval base "Evangelos Florakis" in Mari, close to Vasilikos Power Station, resulting in extensive damage to property, plant and equipment of the station which was taken out of commision. The station covered 60% of EAC's generation.

At the date of the event Unit 5 was under construction and was insured by the contractor of Unit 5. The Authority had signed a separate insurance policy, with the insurance company of the contractor, for the value of the equipment which was delivered on the 1st July for temporary operation amounting to € 125,6 million with a deductible amount of € 250.000 (excess).

The rest of the plant as well as inventory is covered by an insurance policy with another company for the amount of € 662,7 million and €20 million respectively. The insurance policy covering all assets of the Authority of approximately € 1,9 billion provides maximum compensation from an incident of € 600 million and an amount of € 800.000 as deductible (excess).

The total losses are not identified and evaluated yet. The damage is examined by the insurance companies in cooperation with the EAC Project Team appointed for this purpose to determine the extent of damage and the resulting compensation. Similarly, the EAC Project Team is progressing with the planning for the restoration. The insurance companies have accepted full responsibility and have implemented a procedure for covering the restoration cost. This process has not been completed by the date of approval of the financial statements for 2011.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Electricity Authority of Cyprus have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) the requirements of the Electricity Development Law, Cap. 171 the Laws regulating the Electricity Market of 2003-2008 and the Cyprus Company Law Cap. 113.

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards have been issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2011 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Adoption of new and revised IFRS

During the current year the Authority adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2011. This adoption did not have a material effect on the accounting policies of the Authority.

At the date of approval of these financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

Amendments

- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011).

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(ii) Not adopted by the European Union

New standards

- IFRS 9 “Financial Instruments” (and subsequent amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2015).
- IFRS 10, “Consolidated Financial Statements” (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 “Joint Arrangements” (effective for annual periods beginning on or after January 2013).
- IFRS 12 “Disclosure of Interests in Other entities” (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 “Separate Financial Statements” (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 “ Investments in Associates and Joint Ventures” (effective for annual periods beginning on or after 1 January 2013).

Amendments

- Amendment to IAS 12 “Income Taxes” (effective for annual periods beginning on or after 1 January 2012).
- Amendment to IFRS 1 “First time adoption of International Financial Reporting Standards” (effective for annual periods beginning on or after 1 July 2011).
- Amendment to IAS 1 “Financial Statements Presentation” on Presentaiton of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1July 2012).
- Amendments to IAS 19 “Employee Benefits” (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 “Financial Instruments: Disclosures” on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 32 “Financial Instruments: Presentation” on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

New IFRICs

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”(effective for annual period beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Authority, with the exception of the following:

- Amendment to IAS 1 “Financial Statements Presentation” on “Presentation of Items of Other Comprehensive Income”. The main change resulting from this amendment is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. This amendment is effective for annual periods beginning on or after 1 July 2012 and has not yet been endorsed by the European Union.
- IFRS 10, “Consolidated Financial Statements”. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It sets out the accounting requirements for the preparation of consolidated financial statements. The standard is effective for annual periods beginning on or after 1 January 2013 and has not yet been endorsed by the European Union.

Subsidiary undertaking

Subsidiary undertaking, is that entity in which the Authority has an interest of more than 50% of the voting rights or otherwise has the power to exercise control over its decisions. The subsidiary undertaking is consolidated from the date on which control is transferred to the Authority and is no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated as is also the case with unrealised losses unless cost cannot be recovered.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Authority. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Authority’s activities. Income is shown net of value added tax.

The Authority recognizes revenue when the amount can be reliably estimated, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company’s activities as described below:

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(a) Sales of electricity

Sales of electricity represent amounts receivable, based on consumption recorded by meters, net of V.A.T. Sales also include an estimate of the value of units supplied to consumers between the date of the last meter reading and the year end, and this estimate is included in receivables in the balance sheet.

(b) Interest Income

Interest income is recognized on a time proportion basis using the effective interest method.

(c) Consumers' capital contributions

The Authority accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Authority accepts applications for additional load from the existing network. In both cases the Authority charges the applicants with the construction cost.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity tariffs. Otherwise this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tarrifs.

Applicants ensure the right of permanent access to the network for an unlimited period of time. The Authority is committed to providing access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated income statement over a period identical to that of the assets constructed/acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

Subsidies from the Authority in respect of such capital contributions are deducted from the amounts receivable and charged in the consolidated statement of comprehensive income at the time granted.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Authority's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro (€), which is the Authority's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss within "finance costs".

Employee benefits

The Authority operates two defined benefit plans and various other defined contribution plans the assets of which are held in separate trustee-administered funds. These plans are mainly funded by the Authority.

The present value of the obligation and the current service costs relating to the defined benefit plan are assessed using the projected unit credit method. The accumulated comprehensive surplus or deficit arising from the changes of the rate used for discounting projected future cash outflows concerning benefits and from differences between expected and actual return of the investments and other actuary judgements are deferred and charged to the consolidated comprehensive income statement over the remaining working lives of the employees participating in the relevant plans, in accordance with an actuary valuation performed at least every three years.

The portion of actuarial gains and losses to be recognised is the excess, over and above the greatest of the 10% corridor of the present obligation of the Defined Benefit Plan and the 10% of the present value of the assets at the previous reporting period, divided by the expected average remaining working lives of the employees participating in the plan to the fact that the IAS permits earlier recognition of the accumulated actuarial losses and of a larger amount than the excess amount, it has been decided to recognise the amount of the unrecorded actuarial loss at the beginning of the year over a period of 5 years.

The Authority's contributions to the defined contribution plans are charged to the consolidated statement of comprehensive income in the year to which they relate.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Authority operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Authority where there is an intention to settle the balances on a net basis.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly related to the acquisition of property, plant and equipment. For projects carried out by external contractors, cost is based on the value of work executed and certified by engineering consultants. For projects carried out by the Authority's own staff, cost comprises of materials, labour and related overheads.

Major spare parts and stand-by equipment are accounted for as property, plant and equipment when the Authority expects to use them during more than one period.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The estimated useful lives of the major elements of property plant and equipment are as follows:

	Years
Freehold land	Indefinite
Power station buildings	30
Other buildings	35
Power station plant and machinery	25
Other plant and machinery	25-30
Lines and cables	35-40
Meters	15
Motor vehicles	7
Furniture, fittings and office equipment	10
Tools and instruments	10
Hardware	5
Software	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit and loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and these are included in "other gains-net" in profit or loss.

Greenhouse Gas Emission Allowances

Based on the Cyprus Law for the Scheme of Greenhouse Gas Emission Allowance Trading, N. 132(I)/2004, greenhouse gas emission allowances are allocated to the various operators (companies) with the objective of reducing the level of pollution in the environment.

Each operator, whose annual emissions exceed the number of emission allowances allocated for the specific year, is obliged to buy as many emission allowances as required to cover the shortage and in addition to pay a penalty fee for each tonne of excess emission as well as to sell any surplus.
Granted CO2 emission allowances are initially recognised at nominal value (nil value) when the Authority is able to exercise control over these rights. Purchased CO2 emission allowances are initially recognised at cost (purchased price) within intangible assets. A liability is recognised when the level of emissions exceeds the level of allowances granted. The liability includes the total cost of the purchased allowances and any additional deficit at the current market value of the allowances as at the balance sheet date. Movements in the liability are recognised in the consolidated statement of comprehensive income.

The intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit. Surplus emission allowances can be carried forward and off-set future shortages (up to the end of the compliance period) or be sold. Proceeds from the sale of surplus emission allowances are recognized upon the sale of these rights.

Financial assets

(i) Classification

The Authority classifies its financial assets in loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Authority's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

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(ii) Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost includes purchase cost, transport and handling costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for damaged, deteriorated, obsolete and unusable items where appropriate.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired.
The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating costs in profit or loss.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Cash and cash equivalents

Cash and cash equivalents include cash in bank and in hand, short term deposits held at call with banks with average maturity up to 36 days and bank overdrafts. Short term bank deposits with maturity of 12 months is included in short-term bank deposits. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Borrowing costs are interest and other costs that the Authority incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Authority and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Authority has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Segmental reporting

The financial statements are also presented in separate statements per business segment.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The analysis per business segment is prepared for the activities of generation, transmission, distribution and supply which also complies with the requirements of the Laws regulating the Electricity Market of 2003-2008.

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Comparative information

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co operation with the Group's operating units.

- **Market Risk**

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Authority's functional currency. The Authority is exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar, Pound Sterlings and Swiss Franks but believes that any change in foreign exchange rates will not have a material effect on its results.

The Authority's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The net foreign exchange difference (credited)/debited to the consolidated statement of comprehensive income amounts to (€2.663.000) (2010: €683.000) which relates to financing activities (Note 11).

Cash flow interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Authority's income and operating cash flows are dependent on changes in market interest rates.

The Authority's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Authority to cash flow interest rate risk. Borrowings issued at fixed rates expose the Authority to fair value interest rate risk.

At 31 December 2011, if interest rates on Euro-Denom borrowings had been 0,1% (2010: 0,1%) higher/ lower with all other variables held constant, post tax profit for the year would have been €642.965 (2010: €544.471) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Authority's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions

For banks and financial institutions, only independently rated parties with a certain minimum rating are accepted. Sales to retail customers are settled in cash or using major credit cards. See Note 15 for further disclosure on credit risk.

The Management does not expect any losses from non performance by these counterparties.

- **Liquidity risk**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000	Over 5 years €000
At 31 December 2010				
Borrowings	125.107	47.782	134.593	269.222
Trade and other payables	154.807	-	-	-
	279.914	47.782	134.593	269.222
At 31 December 2011				
Borrowings	261.211	46.161	127.904	229.543
Trade and other payables	185.832	-	-	-
	447.043	46.161	127.904	229.543

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(ii) Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the balance sheet) less short term deposits and cash and cash equivalents. Total capital is calculated as 'equity' ('Reserves' and 'Deferred Income' as shown in the balance sheet) plus net debt.

During 2011, the Authority's strategy, which was unchanged from 2010, was to maintain the gearing ratio within 15% to 30%. The gearing ratio at 31 December 2011 and 2010 was as follows:

	2011	2010
	€000	€000
Total borrowings (Note 21)	**664.819**	576.704
Less: Short term deposits (Note 19))	**(33.078)**	(31.611)
Cash and cash equivalents (Note 20)	**(7.780)**	(6.358)
Net debt	**623.961**	538.735
Total equity	**1.421.249**	1.342.874
Total Capital as defined by Management	**2.045.210**	1.881.609
Gearing ratio	**30%**	29%

The increase in the gearing ratio during 2011 resulted primarily from borrowings taken during the year for financing the working capital needs of the Authority and capital expenditure.

(iii) Fair value estimation

The fair value of the financial assets and liabilities of the Group approximate their carrying values at Balance Sheet date.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Deferred income

The Authority accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Authority accepts applications for additional load from the existing network. In both cases the Authority charges the applicants with the construction cost.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity tariffs. Otherwise this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tariffs.

Applicants ensure the right of permanent access to the network for an unlimited period of time. The Authority is committed to providing access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated income statement over a period identical to that of the assets constructed/acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

Subsidies from the Authority in respect of such capital contributions are deducted from the amounts receivable and charged in the consolidated statement of comprehensive income at the time granted.

(ii) Tax

Signifinant judgement is required in determining the provision for income taxes. These are transactions and calculations for which the ultimate tax determination is uncertain due to the ordinary course of business. The Authority recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets in the period in which such determination is made.

Were the actual final outcome (on the judgment areas) to differ by 10% from management's estimates then the Authority would need to increase its current tax liabilities by €291.100 if the final outcome was not in the Authority's favor.

5. Segmental reporting

For 2010 and 2011, the Cyprus Energy Regulatory Authority with a regulatory decision, approved separate fees for the Transmission, Distribution and Transmission System Operation. The revenue derived from the approved fees (Transmission 0.83/0.81 cents/kWh of invoiced energy for 2011/2010 respectetly, Transmission System Operation 0.08/0.07 cents/kWh for 2011/2010 respectetly, Distribution 1.28/1.24 cents/kWh for medium voltage for 2011/2010 respectetly and 2.73/2.67 cents/kWh low voltage for 2011/2010 respectetly) have been included for the first time in separate statements of comprehensive income. For Generation and Supply, for which no separate fees were approved a single statement of comprehensive income has been prepared. Deferred income for capital contributions of €19.047.000 (2010: €17.855.000) are included in unallocated other revenue as required by the Statement of Regulatory Practice and Tariff Methodology. Expenses and amortization were included in the income statements using the same methodology.

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The statements of comprehensive income and the related analysis is shown below:

	Generation/ Supply 2011 €000	Transmis-sion 2011 €000	Distribu-tion 2011 €000	Other 2011 €000	Unallo-cated amounts 2011 €000	Counter balanced amounts 2011 €000	Total 2011 €000
Electricity sales	854.938				1.191		856.129
Permitted revenue	30.326	41.814	105.374			(177.514)	-
Other income	41.006	84	3.123	1.350	24.377		69.940
Other gains	50		(2)				48
Total income	926.320	41.898	108.495	1.350	25.568	(177.514)	926.117
Fuel	540.441						540.441
Purchase of electricity	46.223						46.223
Cost of Temporary Generators	17.229						17.229
Salaries and related expenses	47.365	14.245	54.221	46			115.877
Depreciation	34.663	11.423	30.937	33			77.056
Other operating expenses	24.844	4.468	15.205	306			44.823
Ancillary services and energy reserve	30.326					(30.326)	-
Use of transmission network	38.138					(38.138)	-
Transmission System operating expenses	3.676					(3.676)	-
Use of Distribution System	105.324					(105.324)	-
Total expenses	888.279	30.136	100.363	385	-	(177.514)	841.649
Operating Profit	38.041	11.762	8.132	965	25.568	-	84.468

	Generation/ Supply 2010 €000	Transmis-sion 2010 €000	Distribu-tion 2010 €000	Other 2010 €000	Unal-located amounts 2010 €000	Counter balanced amounts 2010 €000	Total 2010 €000
Electricity sales	775.666				724		776.390
Permitted revenue	30.605	42.081	107.741			(180.427)	-
Other income	8.019		2.152	1.610	21.498		33.279
Other gains	30		460				490
Total income	814.320	42.081	110.353	1.610	22.222	(180.427)	810.159
Fuel	439.510						439.510
Salaries and related expenses	48.396	12.125	60.597	63			121.181
Depreciation	35.047	10.858	29.463	25			75.393
Other operating expenses	41.087	4.478	16.041	372			61.978
Ancillary services and energy reserve	30.605					(30.605)	-
Use of transmission network	38.734					(38.734)	-
Transmission System operating expenses	3.347					(3.347)	-
Use of Distribution System	107.741					(107.741)	-
Total expenses	744.467	27.461	106.101	460	-	(180.427)	698.062
Operating profit	69.853	14.620	4.252	1.150	22.222	-	112.097

The total assets and liabilities as at 31 December 2011 and 2010 are analysed below according to the Regulatory Practice and Tariff Methodology:

	Generation 2011 €000	Transmis-sion 2011 €000	Distribu-tion 2011 €000	Supply 2011 €000	Other Activities 2011 €000	Unallocated amounts 2011 €000	Counter balanced amounts 2011 €000	Total 2011 €000
Non current assets	788.498	330.921	774.214	1.972	33.294	-	-	1.928.899
Current assets	193.462	11.769	51.195	152.055	745	40.664	(77.502)	372.388
Total Assets	981.960	342.690	825.409	154.027	34.039	40.664	(77.502)	2.301.287
Current Liabilities	88.742	17.366	54.723	117.948	4.528	262.836	(77.502)	468.641
Non Current Liabilities	-	22.090	419.718	-	-	431.370	-	873.178
Reserves	-	-	-	-	-	959.468	-	959.468
Allocated Capital	893.218	303.234	350.968	36.079	29.511	(1.613.010)	-	-
	981.960	342.690	825.409	154.027	34.039	40.664	(77.502)	2.301.287

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	Generation 2010 €000	Transmis-sion 2010 €000	Distribu-tion 2010 €000	Supply 2010 €000	Other Activities 2010 €000	Unallocated amounts 2010 €000	Counter balanced amounts 2010 €000	Total 2010 €000
Non current assets	745.345	306.246	730.077	2.150	7.755	-	-	1.791.573
Current assets	196.092	13.032	46.591	118.113	183	38.975	(83.485)	329.501
Total Assets	941.437	319.278	776.668	120.263	7.938	38.975	(83.485)	2.121.074
Current liabilities	82.698	9.828	44.775	117.427	2.357	147.571	(83.485)	321.171
Non current liabilities	-	21.436	407.268	-	-	476.076	-	904.780
Reserves	-	-	-	-	-	895.123	-	895.123
Allocated Capital	858.739	288.014	324.625	2.836	5.581	(1.479.795)	-	-
	941.437	319.278	776.668	120.263	7.938	38.975	(83.485)	2.121.074

Analysis per geographical segment is not presented because all of the operations of the Group are performed in Cyprus.

6. Revenue from Sale of electricity

Sale of electricity does not include all of the consumption in the Turkish occupied area where the Group has no access due to the prevailing conditions. The unbilled electrical energy, calculated at a special rate, amounts to €1.158.000 (2010: €1.074.000).

7. Other operating income - net

	2011 €000	2010 €000
Income from damages to property of the Authority	**295**	209
Net income from maintenance of public lighting and sale of materials	**462**	444
Income from fees for telecommunication usage of optical fibres	**1.303**	1.610
Consumers' capital contributions	**19.047**	17.855
Greenhouse gas emission allowances cost recovered	**4.270**	8.761
Temporary Generators Cost Recovered by the Republic of Cyprus	**17.229**	-
Temporary Surcharge for the recovery of the extra generation cost	**19.858**	-
Sundry income	**5.897**	3.660
Interest income:		
Bank balances	**1.425**	589
Other	**154**	151
	69.940	33.279

8. Other gains - net

	2011 €000	2010 €000
Property, plant and equipment: Profit on sale	**48**	490

9. Analysis of operating costs by nature

	2011 €000	2010 €000
Fuel	**540.441**	439.510
Purchase of Electricity from third parties	**46.223**	4.840
Greenhouse Gas Emission Allowances	**-**	6.436
Salaries and related costs (Note 10)	**115.877**	121.181
Depreciation (Note 16)	**77.056**	75.393
Temporary Generators Cost	**17.229**	-
Repairs and maintenance	**14.653**	17.583
Auditors remuneration	**101**	90
Other expenses	**30.069**	33.029
	841.649	698.062

Other expenses disclosed above include fees amounting to €106.048 (2010: €139.179) for other non-audit services and tax consultancy fees €4.580 (2010: €Nil) charged by the Authority's Statutory Auditor.

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10. Staff costs

	2011 €000	2010 €000
Wages and salaries	**88.240**	86.458
Social insurance and other costs	**9.250**	9.012
Social Cohesion Fund	**1.743**	1.711
Pension costs - deficit contribution	**16.147**	13.649
- current year cost	**16.895**	18.199
Other defined contribution plans	**4.114**	4.102
	136.389	133.131

The staff costs were allocated as follows:	2011 €000	2010 €000
Statement of Comprehensive Income (Note 9)	**115.877**	121.181
Capitalized in fixed assets and work in progress	**20.512**	11.950
	136.389	133.131

Defined Benefit Plan

The latest actuarial valuation was carried out as at 31 December 2011. The assets used for the purposes of the actuarial valuation were as extracted from the accounts of the Pension Fund for the year 2011.

It has been decided by the Authority to recognise the full amount of the unrecorded actuarial loss at the beginning of the year, over a period of 5 years.

The amounts recognized in the consolidated balance sheet of the Group as at 31 December 2011 are in accordance with the actuarial valuation as at 31 December 2011 for the defined benefit plan.

	2011 €000	2010 €000
Present Value of Defined Benefit Obligation	**584.222**	655.655
Fair value of plan Assets	**(587.899)**	(580.079)
Net (asset) / obligation	**(3.677)**	75.576
Unrecognised actuarial gains / (losses)	**10.566**	(71.055)
Net liability in balance sheet	**6.889**	4.521

The amounts recognized in the consolidated statement of comprehensive income of the Group for the year ended at 31 December 2011 are in accordance with the actuarial valuation as at 31 December 2011 for the defined benefit plan.

	2011 €000	2010 €000
Current service cost	**16.895**	18.199
Interest on obligation	**30.213**	30.361
Expected return on plan assets	**(28.277)**	(27.717)
Net actuarial losses recognised in year	**14.211**	11.005
Total included in 'staff costs'	**33.042**	31.848
Movements in balance sheet provision		
Net liability at start of year	**4.520**	4.842
Expense recognised in the consolidated statement of comprehensive income	**33.042**	31.848
Employer contributions	**(30.673)**	(32.169)
Net liability at end of year	**6.889**	4.521

	2011 €000	2010 €000
Change in present value of benefit obligation during the year		
Present value of obligation at start of year	**655.655**	609.784
Current service cost	**16.895**	18.199
Members contributions	**667**	474
Interest cost	**30.213**	30.361
Benefits paid	**(25.634)**	(23.822)
Actuarial (loss)/gain on obligation	**(93.574)**	20.659
Present value of benefit obligation at end of year	**584.222**	655.655
Change in fair value of plan assets during the year		
Fair value of plan assets at start of year	**580.079**	549.918
Expected return on plan assets	**28.277**	27.717
Employer contributions	**30.673**	32.169
Employee contributions	**667**	474
Benefits paid	**(25.634)**	(23.822)
Actuarial loss on plan assets	**(26.163)**	(6.377)
Fair value of plan assets at end of year	**587.899**	580.079

The principal actuarial assumptions used for the actuarial valuation were:

	2011 %	2010 %
Discount rate	**5,05**	4,70
Average expected return on plan assets	**4,64**	4,90
Average rate of salary increases	**2012: 0,00 2013: 1,00 2014+: 5,75**	3,0% plus scale
Pension increases	**2012/2013:0,00 2014+: 2,75**	3,00
Price inflation	**2,00**	2,50
Mortality	**80% of PA (90)**	80% of PA (90)

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11. Finance costs

	2011 €000	2010 €000
Interest expense:		
Bank borrowings	**16.262**	10.711
Overdue taxation	**38**	18
Other	**1.282**	331
	17.582	11.060
Net foreign exchange transaction losses	**(2.663)**	683
	14.919	11.743

The finance cost is allocated as follows:

	2011 €000	2010 €000
Operating costs	**8.991**	10.243
Cost capitalized under Fixed Assets or Buildings Under Construction	**5.928**	1.500
	14.919	11.743

12. Tax

	2011 €000	2010 €000
Current tax:		
Corporation tax	**4.304**	7.627
Defence contribution	**201**	57
Capital Gains tax	**-**	75
Total current tax	**4.505**	7.759
Deferred tax (Note 22)		
Origination and reversal of temporary differences	**3.283**	2.681
	7.788	10.440

Tax Charge
Tax on Group profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2011 €000	2010 €000
Profit before taxation	**75.477**	101.854
Tax calculated at the applicable tax rates on income and defence contribution	**7.614**	10.185
Tax effect of expenses not deductible for tax purposes	**174**	224
Tax effect of allowances and income not subject to tax	**-**	(44)
Capital gains tax	**-**	75
Tax charge	**7.788**	10.440

The Group is subject to corporation tax on taxable profits at the rate of 10% (2010: 10%).

From the 1st January 2009 under certain conditions interest may be subject to defence contribution at the rate of 10%. This rate has been increased to 15% from the 31st August 2011.

13. Provision due to the decision of Tax Council

	2011 €000	2010 €000
Corporation tax	**-**	25.401
Defense Contribution	**-**	2.867
Interest	**(1.896)**	6.575
Deferred tax (Note 22)	**-**	(16.604)
	(1.896)	18.239

The tax authorities have issued final assessments for the years 1995-2002 questioning the accounting treatment applied by the Authority in relation to capital contributions from consumers. The tax authorities argue that the amounts received by the Authority as capital contributions should be taxed in the year received whereas the position of the EAC is that such amount should be taxed at 10% in 10 years from the year of collection in relation to capital allowances provided to EAC for the respective assets acquired. For these assessments an appeal has been filed to the Tax Council.

On 2 May 2011 EAC received a letter from the Tax Council dated 21 of April 2011 with attached Decisions of the Majority (five members of the Tax Council) and the minority (the Chairman of the Tax Council).

The decision of the minority is to cancel the decision of the Tax Authorities. The majority's decision is to cancel only the tax of the years before 1995 which were included in the year 1995 by reducing the contingent liabilities of the Authority in tax, interest and other charges of approximately € 39 million.

The majority in that decision endorses the position of the tax authorities for the remainder of the 1995 taxes and assessments for the years 1996-2002. Based on this decision, the result for the period 1995 - 2002 is €16,3 million taxes and €15,6 million interest, and for the period 2003 - 2010 is €18,1 million taxes and €4,3 million interest, with a total of €34,4 million taxes and €19,9 million interest.

Because of the pendency of the Decision of the Tax Council and the delay in dealing with the tax identification by the tax authorities, reimbursable amounts from tax authorities have accumulated. The corresponding interest receivable of approximately €9,4 million, which is not recognized, is expected to offset the interest payable. For the same reasons mentioned above, provisions have already been made in the accounts amounting to €6,1 million for taxes and €3,9 million for interest payable.

On the 1st of July 2011 an agreement with the Tax Council has been reached for the final settlement of the Authority's tax liabilities for the periods 1995 -2002 and 2003 - 2009 in accordance with the decision of the Tax Council for the payment of two equal sums of €8,37 million each. As a result of the agreement the Authority's liabilities have been decreased by €1.896.000.

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14. Financial instruments by category

Assets as per balance sheet — **Loans and receivables**

	2011 €000	2010 €000
Non current receivables	**2.028**	2.302
Greenhouse Gas Emission Rights	**1.808**	1.808
Trade and other receivables (1)	**175.838**	119.324
Short term deposits	**33.078**	31.611
Cash and cash equivalents	**7.780**	6.358
Total	**220.532**	161.403

Liabilities as per balance sheet — **Other financial liabilities**

	2011 €000	2010 €000
Borrowings	**664.819**	576.704
Trade and other payables (excluding statutory liabilities)	**174.274**	147.172
Total	**839.093**	723.876

(1) The rest of the balance sheet item 'trade and other receivables' is prepayments.

15. Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable):

Trade receivables - net	2011 €000	2010 €000
Group 1	**2.858**	2.642
Group 2	**23.868**	16.892
Group 3	**20.946**	13.437
Group 4	**78.985**	62.549
Group 5	**25.017**	15.630
	151.674	111.150

Short term bank deposits	2011 €000	2010 €000
Aa3	**23.505**	-
Ba1	**-**	9.022
Baa2	**-**	22.470
Caa2	**9.563**	-
Without external credit rating	**10**	119
	33.078	31.611

Cash and cash equivalents (1)	2011 €000	2010 €000
A3	**-**	4.414
Ba1	**2.229**	580
B3	**62**	-
Baa3	**-**	203
Aa3	**-**	73
Ba2	**5.204**	-
Baa2	**-**	736
Caa2	**152**	-
	7.647	6.006

Group 1: new customers (less than 6 months).
Group 2: existing customers (more than 6 months) with no defaults in the past.
Group 3: existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.
Group 4: Trade receivables billed during the next year.
Group 5: Other.

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand and cash and cash equivalents without external credit ratings. The cash and cash equivalents without external credit ratings amount to €96.000 (2010: €316.000).

None of the financial assets that are fully performing, has been renegotiated.

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16. Property Plant and Equipment

	Freehold land	Buildings	Plant and machinery	Lines, cables and meters	Motors vehicles	Furniture, fittings and office equipment	Tools and instruments	Computer hardware and software	Work in progress	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
At 1 January 2010										
Cost	24.714	240.329	1.044.880	757.839	19.169	6.352	7.086	25.909	187.157	2.313.435
Accumulated depreciation	-	(71.129)	(376.881)	(237.232)	(14.093)	(4.357)	(5.121)	(21.122)	-	(729.935)
Net book amount	24.714	169.200	667.999	520.607	5.076	1.995	1.965	4.787	187.157	1.583.500
Year ended 31 December 2010										
Opening net book amount	24.714	169.200	667.999	520.607	5.076	1.995	1.965	4.787	187.157	1.583.500
Additions	1.450	4.212	6.217	1.321	1.796	297	82	1.975	264.626	281.976
Disposals	(1)	(95)	(707)	-	(1)	-	-	(8)	-	(812)
Depreciation charge	-	(8.780)	(40.050)	(21.083)	(1.339)	(425)	(473)	(3.243)	-	(75.393)
Transfers	31	17.750	86.454	53.201	-	-	-	300	(157.736)	-
Closing net book amount	26.194	182.287	719.913	554.046	5.532	1.867	1.574	3.811	294.047	1.789.271
At 31 December 2010										
Cost	26.194	262.189	1.136.814	812.361	19.695	6.648	7.168	28.106	294.047	2.593.222
Accumulated depreciation	-	(79.902)	(416.901)	(258.315)	(14.163)	(4.781)	(5.594)	(24.295)	-	(803.951)
Net book amount	26.194	182.287	719.913	554.046	5.532	1.867	1.574	3.811	294.047	1.789.271
Year ended 31 December 2011										
Opening net book amount	26.194	182.287	719.913	554.046	5.532	1.867	1.574	3.811	294.047	1.789.271
Additions	1.197	4.799	2.966	1.383	2.024	244	278	1.044	200.783	214.718
Disposals	(3)	-	-	-	(31)	(18)	-	(10)	-	(62)
Depreciation charge	-	(9.086)	(40.602)	(22.795)	(1.620)	(432)	(436)	(2.085)	-	(77.056)
Tranfers	221	3.394	15.990	64.530	-	-	-	343	(84.478)	-
Closing net book amount	27.609	181.394	698.267	597.164	5.905	1.661	1.416	3.103	410.352	1.926.871
At 31 December 2011										
Cost	27.609	270.382	1.155.770	878.274	21.105	6.835	7.446	29.229	410.352	2.807.002
Accumulated depreciation	-	(88.988)	(457.503)	(281.110)	(15.200)	(5.174)	(6.030)	(26.126)	-	(880.131)
Net book amount	27.609	181.394	698.267	597.164	5.905	1.661	1.416	3.103	410.352	1.926.871

As described in Note 1 "Explosion at the Naval Base at Mari" the net value of property, plant and equipment of Vasilikos Power Station of € 665 million does not take into account any impairment suffered from the incident at Mari. As a result the depreciation of property, plant and equipment of Vasilikos Power Station for the period July-December 2011 amounting to € 9,2 million has been calculated on the value of property, plant and equipment which does not include the impairment amount.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2011 €000	2010 €000
Net book amount	**63**	812
Profit on sale of property, plant and equipment (Note 8)	**48**	490
Proceeds from sale of property, plant and equipment	**111**	1.302

Land and equipment located in Turkish occupied area

The total fixed assets shown in the balance sheet include land and equipment located in the area occupied by the Turkish invasion force, whose cost approximates €12.978.000. The depreciation provision for the year in respect of these assets was NIL (2010: NIL) bringing the accumulated provision at 31 December 2011 to €12.440.000 (2010: €12.440.000) and leaving a written down value of €538.000 (2010: €538.000) which represents the cost of land. The consequences of the Turkish occupation on the value of this land and equipment is unknown.

17. Trade and other receivables

	2011 €000	2010 €000
Trade receivables	**156.609**	115.241
Less: Provision for impairment of receivables	**(4.935)**	(4.091)
Trade receivables - net	**151.674**	111.150
Republic of Cyprus	**17.229**	-
Capital contributions receivable by installments	**1.493**	1.410
Advance payments to contractors	**6.342**	11.282
Other receivables net of provision for impairment	**7.470**	9.066
Prepayments	**1.739**	992
	185.947	133.900
Less: non-current portion of receivables and prepayments	**(2.028)**	(2.302)
	183.919	131.598

The maturity of non-current receivables and prepayments is as follows:

	2011 €000	2010 €000
Between 1 and 2 years	**700**	712
Between 2 and 5 years	**1.168**	1.378
Over 5 years	**160**	212
	2.028	2.302

The fair values of current trade and other receivables approximate their carrying values at the balance sheet date.

At 31 December 2011, trade receivable of €108.249.000 (2010: €78.263.000) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2011, trade receivables of €42.058.000 (2010: €29.170.000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2011 €000	2010 €000
Up to 3 months	**33.190**	22.271
3 to 6 months	**4.599**	2.143
Over 6 months	**4.269**	4.756
	42.058	29.170

As of 31 December 2011, trade receivables of €6.302.000 (2010: €7.808.000) were impaired and provided for. The amount of the provision was €4.935.000 as of 31 December 2011 (2010: €4.091.000). The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2011 €000	2010 €000
Up to 3 months	**-**	253
3 to 6 months	**-**	225
Over 6 months	**6.302**	7.330
	6.302	7.808

Concentrations of credit risk with respect to trade receivables are limited due to the Authority's large number of customers who have a variety of end markets in which they sell. The Authority's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Authority's trade receivables.

Movements on the Authority's provision for impairment of trade receivables are as follows:

	2011 €000	2010 €000
At 1 January	**4.091**	2.208
Provision for receivables impairment	**1.202**	2.285
Receivables written off during the year as uncollectible	**(358)**	(402)
At 31 December	**4.935**	4.091

The creation and release of provision for impaired receivables have been included in operating costs in the consolidated statement of comprehensive income (Note 9). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables contain impaired assets or past due amounting to €38.000 (2010: €41.000).

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 €000	2010 €000
Currency		
Euro	**185.878**	133.824
United States dollars	**15**	14
Pound Sterling	**49**	47
Swiss Franc	**5**	15
	185.947	133.900

18. Inventories

	2011 €000	2010 €000
Fuel	**74.898**	88.496
Spares and consumables	**70.905**	69.630
	145.803	158.126

The cost of inventories recognized as expense and included in operating costs amounted to €547.440.000 (2010: €445.380.000).

As described in Note 1 "Explosion at the Naval Base at Mari", damages are not identified or evaluated yet and therefore the inventory value of the Vasilikos Power Station amounting to € 20 million does not take into consideration any impairment for losses incurred by the incident at Mari.

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19. Short-term bank deposits

	2011 €000	2010 €000
Short-term bank deposits	**33.078**	31.611

The effective interest rate on short term bank deposits was 2,20% - 4,50% (2010: 2,20% - 4,50%) and these deposits had a maturity of 6 - 12 months (2010: 6-12 months).

20. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows represent the balance sheet amounts of cash at bank and in hand and are analysed as follows:

	2011 €000	2010 €000
Cash at bank and in hand	**7.379**	5.531
Short-term bank deposits	**401**	827
	7.780	6.358

The effective interest rate on short term bank deposits was 2,20% - 3,50% (2010: 2,00% - 3,50%) and these deposits had an average maturity of 58 days (2010: 43 days).

Cash and cash equivalents and bank overdrafts include the following for the purposes of the consolidated statement of cash flows:

	2011 €000	2010 €000
Cash and cash equivalents	**7.780**	6.358
Bank overdrafts (Note 21)	**(213.140)**	(80.358)
	(205.360)	(74.000)

21. Borrowings

	2011 €000	2010 €000
Current		
Bank overdrafts (Note 20)	**213.140**	80.358
Bank loans	**48.071**	42.491
Suppliers' credits	**-**	2.258
	261.211	125.107
Non-current		
Bank loans	**403.608**	451.597
Total borrowings	**664.819**	576.704

Maturity of non-current borrowings is as follows:

	2011 €000	2010 €000
Between 1 and 2 years	**46.161**	47.782
Between 2 and 5 years	**127.904**	134.593
Over 5 years	**229.543**	269.222
	403.608	451.597

The loans are payable in various currencies stipulated in the loan agreements. Loans are guaranteed as to the repayment of principal and interest by the Republic of Cyprus.

The weighted average effective interest rates at the balance sheet date were as follows:

	2011 %	2010 %
Bank overdrafts, loans & suppliers' credits	**2,4**	2,2

The exposure of the Authority's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2011 €000	2010 €000
Floating rate		
6 months or less	**642.965**	544.471
Fixed rate on maturity	**21.854**	32.233
	664.819	576.704

The Company has the following undrawn borrowing facilities:

	2011 €000	2010 €000
Floating rate:		
Expiring within one year	**33.402**	32.105
Expiring beyond one year	**4.467**	91.037
	37.869	123.142

The carrying amounts of bank overdrafts and bank loans approximates their fair value.

The carrying value of the Authority's borrowings are denominated in the following currencies:

	2011 €000	2010 €000
Euro -functional and presentation currency	**661.920**	572.112
Swiss Frank	**2.273**	3.601
Pounds Sterling	**626**	991
	664.819	576.704

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22. Deferred tax liabilities

Deferred taxation is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.
The gross movement of the deferred taxation account is as follows:

	2011 €000	2010 €000
At 1 January	**24.479**	38.402
Charged to Statement of comprehensive income (Note 12)		
- Current year	**3.283**	2.681
- Due to the Tax Council's Decision	-	(16.604)
At 31 December	**27.762**	24.479

The movement in deferred income tax assets and liabilities during the year is as follows:

	Accelerated Tax Depreciation €000	**Deferred Income €000**	**Other €000**	**Total €000**
Deferred tax liability to be settled after more than twelve months				
At 1 January 2010	65.487	(25.497)	(1.588)	38.402
Charge/(Credited) to the Consolidated Statement of Comprehensive Income (Note 12)	4.391	(1.744)	34	2.681
Credited to the Consolidated Statement of comprehensive income due to the Tax Council's decision (Note 13)	-	(17.534)	930	(16.604)
At 31 December 2010	69.878	(44.775)	(624)	24.479
Charge/(Credited) to the Consolidated Statement of Comprehensive Income (Note 12)	4.776	(1.403)	(90)	3.283
At 31 December 2011	74.654	(46.178)	(714)	27.762

23. Deferred income

	2011 €000	2010 €000
Consumers' capital contributions:		
Balance at 1 January	**447.751**	424.122
Additions	**33.077**	41.484
Transferred to the consolidated statement of comprehensive income	**(19.047)**	(17.855)
Balance at 31 December	**461.781**	447.751
Less: non current portion of deferred income	**(441.808)**	(428.704)
Current portion of deferred income	**19.973**	19.047

24. Trade and other payables

	2011 €000	2010 €000
Fuel oil suppliers	**47.568**	47.581
Other Suppliers	**37.240**	29.936
Value Added Tax payable	**9.721**	6.451
Pay As You Earn payable	**1.837**	1.184
Retention on capital contracts	**9.987**	8.773
Consumers' deposits	**13.257**	11.252
Payments received in advance	**123**	134
Outstanding restoration account	**1.000**[1]	-
Interest payable	**803**	984
Deficiency contribution to pension fund	**11.685**	-
Other contribution to pension fund	**6.889**	4.520
Accrued charges	**17.957**	20.033
Creditors for purchase of land and substations	**11.301**	10.946
Amount available for interpleader proceedings	**9.700**[2]	8.981 (2)
Other creditors	**6.764**	4.032
	185.832	154.807

The fair values of trade and other payables approximate their carrying values at the balance sheet date.
Notes:

1. Until 31 December 2011 an amount of € 9.600.000 has been received from the insurance companies and an amount of € 8.600.000 has been spent by the Authority for the restoration of Vasilikos Power Station. The net amount of € 1.000.000 is registered in the outstanding restoration account.

2. This amount represents a retention of amounts payable to a supplier of fuel to award beneficiaries through interpleader proceedings.

25. Subsidiary undertakings

	% Holding	**Country of incorporation**	**Principal activities**
Electriki Limited Investments	100	Cyprus	Dormant
EAC LNG Investments Company Ltd	100	Cyprus	Dormant

The results of Electriki Limited and EAC LNG Investments Company Ltd which during 2011 remained dormant were consolidated in the Group accounts of Electricity Authority of Cyprus.

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26. Contingent liabilities

(a) At 31 December 2011 the Group had a contingent liability in respect of possible tax for various expenses, amounting to €2.911.000 (2010: €2.737.000).

(b) At 31 December 2011 the Group had contingent liabilities in respect of pending litigations amounting to €7.671.688 (2010: €8.661.422) and contingent assets of €584.650 (2010: €580.059), not including any amounts to be claimed from insurance companies relating to the Mari incident.

The Group believes that adequate defence exists against all claims and does not expect to suffer significant loss. Accordingly no provision has been made in these financial statements in respect of this matter.

(c) On 31 December 2011 the Group had the following guarantee documents:

(i) An amount of €2.000.000 for the benefit of Senior Customs Officer regarding the authorization granted to the Authority for exemption from payment of excise duty on energy products used for electricity generation, including fuel oil (diesel).

(ii) An amount of €1.850.000 for the benefit of the Ministry of Agriculture, Natural Resources and Environment regarding the Authority's application for a permit for greenhouse gas emissions regarding the Combined Cycle Unit No. 5 of Vasilikos Power Station.

(iii) An amount of €3.994.750 for the benefit of Energy International Inc. regarding the supply, installation, operation and maintenance of the temporary generators.

27. Commitments

Capital commitments

	2011 €000	2010 €000
Commitments in respect of contracts	**162.251**	204.697
Approved commitments but not contracted	**101.715**	189.898
Approved commitments with expenditure outstanding	**263.966**	394.595

50% of the above will be financed by long-term borrowings.

Operating lease commitments
The future minimum lease payments under non-cancelable operating leases are as follows:

	2011 €000	2010 €000
Not later than one year	**7.586**	495
Later than one year and not later than 5 years	**876**	436
Over 5 years	**2**	2
	8.464	933

28. Related party transactions

The Electricity Authority of Cyprus is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap. 171 of 1952.

(i) Sales

	2011 €000	2010 €000
Sales of electricity		
Related parties to the Organisation	**88.865**	79.356

The related parties consist of Governmental controlled entities (e.g. Government Offices, Ministries etc.) and all transactions were under the normal trade terms and conditions.

(ii) Year end balances resulting from sales of electricity

	2011 €000	2010 €000
Receivable from related parties	**10.547**	3.999

The related parties consist of Governmental controlled entities (e.g. Government Offices, Ministries etc.).

(iii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2011 €000	2010 €000
Salaries and other benefits	**616**	587

(iv) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2011 €000	2010 €000
Emoluments in their executive capacity	**37**	41

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29. Events after the balance sheet date

On 8 March 2012, an agreement has been signed with the European Investment Bank for a loan totaling €130 million to finance Unit 5 of Vasilikos Power Station.

On 10 April, 2012 an amount of € 75 million has been received under the loan agreement signed with the European Investment Bank on June 29, 2010.

Until the date of approval of these financial statements an additional amount of € 7,4 million has been received from insurance companies as compensation for the damages at the Vasilikos Power Station

In February and March 2012 the Authority signed agreements with four companies to hire temporary generation units for the period ending 15 September, 2012 with an estimated cost of € 26 million.

There were no other significant post balance sheet events which have a bearing on the understanding of financial statements.

Independent Auditors' Report on pages 90 to 92.

Appendices

APPENDIX I

CONSUMERS, SALES AND AVERAGE PRICES

AS AT 31 DECEMBER	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
NUMBER OF CONSUMERS										
Domestic	298 277	307 206	318 640	332 338	348 394	366 799	386 489	402 671	415 150	422 655
Commercial	70 867	71 589	72 941	74 916	76 272	78 294	80 913	83 160	84 800	85 325
Industrial	9 829	10 107	10 595	10 956	11 198	11 299	11 792	11 618	11 391	11 255
Agricultural	9 084	9 779	10 400	10 931	11 597	12 117	12 796	13 546	14 209	14 692
Public lighting	6 099	6 428	6 771	7 138	7 581	7 991	8 499	9 035	9 500	9 983
TOTALS	394 156	405 109	419 347	436 279	455 042	476 500	500 489	520 030	535 050	543 910
SALES TO CONSUMERS (Thousand kWh)										
Domestic	1 170 386	1 321 677	1 324 774	1 431 792	1 500 511	1 607 048	1 682 327	1 720 777	1 737 474	1 721 663
Commercial	1 387 729	1 478 441	1 518 582	1 587 196	1 713 921	1 783 885	1 881 173	1 918 932	1 990 994	1 854 782
Industrial	708 232	722 806	722 850	726 059	723 038	699 746	757 803	791 640	816 074	796 187
Agricultural	101 515	113 761	117 478	120 062	128 701	137 339	156 930	143 971	152 642	136 747
Public lighting	54 670	59 386	58 146	67 793	68 851	70 301	77 596	80 426	84 788	85 502
TOTALS	3 422 532	3 696 071	3 741 830	3 932 902	4 135 022	4 298 319	4 555 829	4 655 746	4 781 972	4 594 881
AVERAGE SALES PER CONSUMER (kWh)										
Domestic	3 924	4 302	4 158	4 308	4 307	4 381	4 353	4 273	4 185	4 073
Commercial	19 582	20 652	20 819	21 186	22 471	22 784	23 249	23 075	23 479	21 738
Industrial	72 055	71 515	68 226	66 270	64 568	61 930	64 264	68 139	71 642	70 741
Agricultural	11 175	11 633	11 296	10 984	11 098	11 334	12 264	10 628	10 743	9 308
Public lighting	8 964	9 239	8 589	9 497	9 082	8 798	9 130	8 902	8 925	8 565
AVERAGE PRICE PER UNIT BILLED (cent)										
Domestic	9,276	9,838	9,693	11,009	12,492	12,746	15,988	13,321	16,192	18,644
Commercial	10,636	11,003	10,388	11,748	13,009	13,328	16,982	14,196	16,905	19,352
Industrial	8,507	8,926	8,268	9,594	11,111	11,458	14,955	12,325	14,982	17,123
Agricultural	8,774	8,992	8,637	10,106	11,434	11,675	15,296	12,697	15,440	18,268
Public lighting	8,500	8,755	8,437	9,298	10,981	11,233	14,554	12,129	14,711	17,416
AVERAGE PRICE	9,642	10,082	9,647	10,988	12,408	12,719	16,178	13,473	16,232	18,632

APPENDIX 2

GENERATION, TRANSMISSION & DISTRIBUTION EQUIPMENT

Description	Unit	In Commission 31.12.2010	Commissioned in 2011	Taken out of Commission in 2011	In Commission 31.12.2011
GENERATION PLANT:					
Dhekelia Power Station:					
Steam Turbines	No.	6	-	-	6
Capacity	MW	360	-	-	360
Internal Combustion Engines	No.	6	-	-	6
Capacity	MW	103,67	-	-	103,67
Temporary ICE	No.	-	57	-	57
Capacity	MW	-	60	-	60
Moni Power Station:					
Steam Turbines	No.	6	-	1	5
Capacity	MW	180	-	30	150
Gas Turbines	No.	4	-	-	4
Capacity	MW	150	-	-	150
Temporary ICE	No.	-	37	-	37
Capacity	MW	-	35	-	35
Vasilikos Power Station:					
Gas Turbines	No.	1	-	-	1
Capacity	MW	38	-	-	38
Steam Turbines	No.	3	-	3	0
Capacity	MW	390	-	390	0
Combined Cycle					
Gas Turbine Units	No.	1	-	1	0
Capacity	MW	226	-	226	0
Temporary ICE	No.	-	79	-	79
Capacity	MW	-	71,6	-	71,6
TRANSMISSION EQUIPMENT:					
220kV Transmission Lines					
operated at 132kV					
Route Length	km	45,40	-	-	45,40
Circuit Length	km	90,80	-	-	90,80
132kV Transmission Lines					
Route Length	km	426,17	38,56	40,8	423,93
Circuit Length	km	773,88	59,14	81,6	728,96
132kV U/G Cables					
Route Length	km	84,99	69,28	-	154,27
Circuit Length	km	111,28	79,72	-	191,00
132kV U/G Cables-Operated at 66kV					
Route Length	km	16,22	-	8,1	8,12
Circuit Length	km	19,93	-	8,11	11,82
66kV U/G Cables					
Route Length	km	2,35	-	-	2,35
Circuit Length	km	2,42	-	-	2,42

Description	Unit	In Commission 31.12.2010	Commissioned in 2011	Taken out of Commission in 2011	In Commission 31.12.2011
132kV Transmission Lines operated at 66kV					
Route Length	km	140,95	-	25,56	115,39
Circuit Length	km	235,83	-	34,24	201,59
66kV Transmission Lines					
Route Length	km	288,20	-	-	288,20
Circuit Length	km	288,20	-	-	288,20
132/66kV Interbus Transformers	No.	13	-	-	13
	MVA	648	-	-	648
132/11kV Step Down Transformers	No.	78	12	1	89
	MVA	2 463	432	16	2 879
132/6,6kV Step Down Transformers	No.	2	-	-	2
	MVA	58	-	-	58
132/3,3kV Step Down Transformers	No.	2	-	-	2
	MVA	20	-	-	20
66/11kV Step Down Transformers	No.	67	1	8	60
	MVA	695,5	16	93,5	618
66/3,3kV Step Down Transformers	No.	2	-	-	2
	MVA	5	-	-	5
15,75/132kV Step Up Transformers	No.	3	-	-	3
	MVA	495	-	-	495
11/132kV Step Up Transformers	No.	18	4	-	22
	MVA	1 191	193	-	1 384
11/66kV Step Up Transformers	No.	4	-	-	4
	MVA	150	-	-	150
Substations	No.	58	6	-	64
DISTRIBUTION EQUIPMENT:					
MV Overhead Lines	km	5 482,38	169,98	39,96	5 612,40
MV U/G Cables	km	3 305,38	241,58	47,47	3 499,49
LV Overhead Lines	km	9 205,98	242,74	36,20	9 412,52
LV U/G Cables	km	4 433,90	450,26	2,51	4 881,65
P.M. Transformers					
22 000-11 000/433/250V	No.	9 267	365	89	9 543
	kVA	862 234	62 809	34 920	890 123
G.M. Transformers					
22 000-11 000/433V	No.	5 507	275	7	5 775
	kVA	3 083 700	185 475	28 835	3 240 340

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