



PUBLIC UTILITIES
COMMISSION

Second Floor
Marina Towers
PO Box 300
Belize City,
Belize
Central America

January 6, 2023

Mr. John Mencias
Chief Executive Officer
Belize Electricity Limited,
Belize

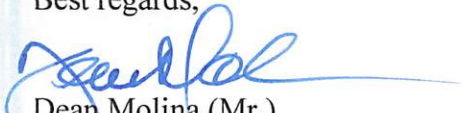
Dear Mr. Mencias,

Enclosed, please find the Final Decision issued by the Public Utilities Commission in respect of the Annual Review Proceedings Amendment 2022 (ARP 2022 Amendment).

This Decision provides for no amendments to the tariffs, fees and charges to be levied for electricity services for the period January 1, 2023 to June 30, 2023.

The Commission's Decision includes commentary on BEL's letter dated December 31, 2022.

Best regards,



Dean Molina (Mr.)
Chairman – Public Utilities Commission

- c. Hon. Michel Chebat SC – Minister of Energy, Public Utilities, Logistics & E-Governance
Mr. Ernesto Gomez – Director of Tariffs, Standards & Compliance
Mr. Leon Westby – Regulatory Affairs Liaison

PUBLIC UTILITIES COMMISSION

IN THE MATTER OF the Final Decision of the Annual Review Proceedings Amendment 2022 (ARP 2022 Amendment) for Belize Electricity Limited (BEL) December 2022

1. On December 10, 2022, BEL filed for an amendment to the already approved ARP 2022 Decision (the “Amendment Submission”). This is pursuant to Section 33(2) of the Electricity (Tariffs, Fees and Charges Standards) Byelaws, S.I. 145 of 2005 as amended by S.I. 116 of 2009 and S.I. 21 of 2012 (the “Byelaw”).
2. On December 23, 2022, the Commission issued its Initial Decision, which provides for no amendments to the tariffs, fees and charges to be levied for electricity services for the period January 1, 2023, to June 30, 2023.
3. Between December 23, 2022 and January 3, 2023, the Commission held publicly advertised consultation in an effort to generate commentary on its Initial Decision. At the close of the consultation period, the Commission had received only one (1) comment in the form of a letter dated December 31, 2022 from BEL. The comments, according to BEL, were for **“the benefit of the public as well as for the edification of the PUC...”** (PUC Emphasis).
4. In reaching its Final Decision on the matter, the Commission took into consideration the comments made by BEL in its letter of December 31, 2022. It is anticipated that the PUC’s detailed response to BEL’s comments will likewise be *edificatory* and would remove any uncertainties relating to the Commission’s decision-making processes.
5. First, in relation to Cost of Power Variances, BEL asserts that the Commission needs only to contemplate actuals up to October 31, 2022 and reliable estimates for November and December 2022. BEL suggests, further, that the forecast it provided up to June 2023 is for informational purposes and is indicative of expectations that cost of power will remain high.

The Commission disagrees with BEL’s interpretation of Section 33(2)(c)(a) of the Byelaw, which is stated below:

33. (1)

(2) (a) *Subject to the rate setting methodology developed by the Commission, the final decision may be reviewed and amended to adjust the approved tariffs for the period January 1 to June 30 in any ATP, to account for any material variances between the Reference Cost of Power and the actual cost of power.*

(b) ...

(c) *Provided that the following procedure shall apply to the issuance of the amendments to the final decision:*

- (a) *no later than 21 days prior to the commencement of the period referred to in (2)(a) above, the licensee **shall (PUC emphasis)** submit a new forecast for the cost of power for the said period;*
- (b) ...
- (c) ...
- (d) ...

(3) Any amendments made under paragraph (2) above shall be read and construed as one with the final decision

6. In fact, Section 33(3) makes it clear that the final decision of the PUC is subject to the mandatory filing of the licensee’s forecast filed pursuant to section 33(2).
7. Secondly, in relation to sufficiency of evidence to support COP variances between July 1, 2021 through December 31, 2022, BEL states that the PUC misapplies the regulations by using the higher RCOP approved in the ARP 2022, instead of using the RCOP approved in ARP 2021.

Regarding the suggestion that the PUC applied the wrong RCOP, the Commission disagrees and holds the view that this practice is in strict compliance with Section 33(2)(a) of the Byelaw and was properly applied in Schedules 3 and 5 of ARP 2022 Final Decision. The amendments made to Schedule 3, which consequently feeds into Schedule 5, are reflective of the higher COP incurred by BEL in the ATP 2021|22. Therefore, if the Commission were to assess ratepayers yet again for that excess COP, it would be allowing BEL to double dip in consumers’ pockets.

8. Third, BEL is asking for the claimed \$28.5 million to be deferred in a manner the Company believes is best, which in accordance with Section 15(2) of the Byelaw, would mean that consumers would have to bear all excess COP in or around 2024. The Commission is concerned for the rate hike that may result and is further concerned that BEL has approbated and reprobated in relation to its interpretation of Section 15(2), as discussed in the PUC’s Decision in ARP 2022.

Nevertheless, the Commission recognizes the restrictive nature of this section of the Byelaw and expects BEL’s support for a proposed amendment to Section 15(2), which will empower the PUC to allow for the recovery of Cost of Power beyond one FTP.

9. Fourthly, BEL suggests that it is unable to fully substantiate the outstanding \$3.856 MN in COP invoices, as such invoices often include transactional costs like bank charges (transfer and translation fees). BEL asserts that these additional charges are in the form of digital banking transactions that are expected to meet the standards of its external auditor.

BEL then casually suggests that the PUC *“cannot and should not pretend to be able to provide the public with greater assurance of the accuracy of BEL’s financials than that provided by renowned, qualified auditing firms in Belize, and in the interim, by the Company itself that is subject to accounting and financial reporting standards.”*

In response to this assertion, the Commission finds the words of the Office of Utility Regulation (“OUR”) of Jamaica useful. In its Notice of Proposed Rule Making dated April 18, 2018, in

reference to Accounts Separation Guidelines for the Jamaica Public Service Company Limited, OUR stated the following:

“...In modern utilities, financial report involves the presentation of aggregate information designed primarily to meet the needs of management and shareholders. These reports, while useful in a general way, do not provide sufficient details for the regulator. Consequently, it is essential that utilities generate reports that allow for the analysis of costs and revenues as well as the evaluation of assets employed in a manner that is consistent with effective regulation.(PUC Emphasis)

Accounts separation is a tool for disaggregating the costs and revenues associated with the component operations of the integrated service. It therefore represents the specification and presentation of regulatory accounts in a format that is transparent, cost-based and non-discriminatory. Regulatory accounts are important for:

- *measuring the relationship between cost and price of the products/services offered by the utility;*
- *monitoring the utility’s return on the products/services regulated under a revenue cap;*
- *identifying cross-subsidies if and where they may exist across customer categories and products/services; and*
- *ensuring that there is proper alignment of cost and price for transactions between the regulated utility and related entities (subsidiaries, nonregulated business units and parent entities).”*

BEL’s failure to provide supporting documentation for Cost of Power, in the form of invoices or otherwise, does not support the regulatory function as it does not allow the Commission to deconstruct and disaggregate those costs to ensure that they are allocated appropriately.

Additionally, BEL asserts that the extra-ordinary charges of \$1.550 MN should have been recorded by the PUC when the invoice was paid in December 2021. As such, despite the PUC’s Decision to apply this payment in the ARP 2022 period, this payment must be applied in ARP 2023 period, in compliance with BEL’s financial reporting procedure.

Again, the Commission finds it necessary to stress the difference between Financial Reporting and Regulatory Reporting. BEL’s decision to post its payment in the month paid is compliant with its financial reporting obligations. The Commission must similarly recognize this decision in the regulatory period within which the decision was taken.

10. Finally, in relation to the Order by PUC for BEL to produce a Dispatch Code, BEL seems to suggest that given the dynamic nature of the dispatch decision, it faces a challenge in complying with an Order of the PUC to develop a Dispatch Code.

While the Commission can in fact appreciate the pressures faced by dispatchers on an ongoing basis, the Commission holds the view that this request is not unreasonable as various other jurisdictions have Dispatch Codes in place or in Draft, such as that of OUR in Jamaica, which has published a draft at https://our.org.jm/wp-content/uploads/2021/01/5-4_draft_dispatch_code.pdf.

11. Given the above, the Commission **HEREBY APPROVES** its Initial Decision made on December 23, 2022.

DECISION OF THE COMMISSION

BELIZE:

ORDER made by the Public Utilities Commission (hereinafter referred to as “the Commission”) in exercise of the powers conferred upon it by the Public Utilities Commission Act, Chapter 223 of the Laws of Belize, Revised Edition 2020, the Electricity Act, Chapter 221 of the Laws of Belize, the Electricity (Tariff, Fees and Charges) Byelaws, and all other powers thereunto the Commission enabling.

Short title. 1. This Order may be cited as the:

BELIZE ELECTRICITY LIMITED 2022 ANNUAL REVIEW PROCEEDING FINAL DECISION AMENDMENT

**Decisions
and
Orders.**

2. In respect of the Final Decision for the 2022 Annual Review Proceeding (ARP) for the Belize Electricity Limited (BEL) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges for the Annual Tariff Period (ATP) of July 1, 2022, to June 30, 2023, the Commission hereby makes the following Decisions and Orders:

(a) The Commission hereby reaffirms the Tariffs contained in the Schedule 6 of the ARP 2022 Final Decision for the period January 1, 2023 to June 30, 2023 and attached hereto, and **HEREBY ORDERS BEL** to levy the said Tariffs in respect of the relevant services it is licensed to provide;

(b) The Commission approves no adjustments to any other previously approved Regulated Values, Mean Electricity Rates and Tariffs, Charges and Fees contained in the **BELIZE ELECTRICITY LIMITED 2020-2024 FULL TARIFF REVIEW PROCEEDING FINAL DECISION** and any other

relevant **BELIZE ELECTRICITY LIMITED ANNUAL REVIEW PROCEEDING FINAL DECISION**, and hereby **ORDERS BEL** to continue to levy the said previously approved Tariffs, Charges and Fees in respect of the relevant electricity services it is licensed to provide.

(c) The Commission **ORDERS BEL** that effective January 31, 2023, and on the last day of each subsequent month, BEL shall file updated daily dispatch and production costings modeling for the upcoming month. Such filings shall include all spreadsheets and modelling utilized in planning the systems operations, any weather-related projections, hourly projections for CFE, and any relevant information or dataset used as an input in dispatch planning.

MADE by the Public Utilities Commission this ^{6th} day of ^{January}, 2023.


(DEAN MOLINA)
Chairman, Public Utilities Commission

Schedule 6

Belize Electricity Limited (BEL)

Approved Tariffs for Full Tariff Period (FTP) - January 1, 2021, to June 30, 2024

Customer Class	Service Type/ Consumption Block	Rate/Tariff \$/Mtb; \$/KVA; \$/KWhr
Social	0 - 60 KWhrs Minimum Charge	0.22 5.00
Residential	0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge	0.33 0.38 0.43 10.00
Commercial 1	0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge	0.33 0.38 0.43 10.00
Commercial 2	Service Charge 0-10,000 KWhrs 10,001-20,000 KWhrs > 20,000 KWhrs	150.00 0.41 0.39 0.38
Industrial 1	Service Charge Demand (KVA) Energy	250.00 35.82 0.30
Industrial 2	Service Charge Demand (KVA) Energy	250.00 23.00 0.26
Street Lights	Energy	0.45