



Press Release

FOR IMMEDIATE RELEASE JULY 21, 2023

The PUC Clarifies Statements Made by BEL during 'UNCUT' Interview on Channel 7

The Public Utilities Commission (PUC) Belize recognizes the essential service that the Belize Electricity Limited (BEL) provides to the country. Similarly, it recognizes its own role to ensure that the best interest of consumers is protected, while facilitating an environment that fosters competition and enhances social and economic growth. To that end, the PUC looks critically at any proposal made to supply electricity to the grid. The PUC therefore takes this opportunity to clarify statements made by the Chairman of BEL, Mr. E. Andrew Marshall during a discussion on Channel 7's 'UNCUT'.

During the show, the BEL Representative mentioned that the PUC delayed decisions regarding the Power Purchase Agreement (PPA) with Blair Athol Power Company Limited (BAPCOL), which concluded in July 2023 and that despite the delay, it yielded a small reduction of the tariff from \$0.085 to \$0.083 per kWh.

What was not said is that had the PUC not intervened, the rate during the life of the BAPCOL project would have been \$0.085 per kWh for a full 15-year period. With the PUC's intervention, the average rate has been reduced to \$0.0593 per kWh over a 25-year period, thereby reducing the cost of power to the consumer over time.

Additionally, the PUC continues to actively explore avenues to diversify energy supply in Belize to meet the growing demands of consumers. In August 2022, the PUC proposed a new licensing regime that is designed to allow easier access to the grid. In response to the proposed revamped licensing regime, BEL submitted a written communication on October 14, 2022, indicating that the proposed licensing regime required an engineering analysis "given the physical limitation of the system to take on additional general sources..., as well as the adjustment to be made on BEL's own part to manage intermittency of renewal energy resources scattered throughout the grid." BEL further suggested that without the proper engineering, "market entrants may make investments on the wrong presumption that they will be able to interconnect to the grid under current conditions."

Furthermore, BEL said that on the contrary, the best solution would be a "licensing regime which precludes the activity at the onset until certain conditions are satisfied and that prudence dictates that a hosting capacity study be conducted to determine the amount of Distributed Generation (DG) production that can be connected to the grid without endangering reliability and voltage quality for customers."

In the 'UNCUT' interview, BEL's narrative contrasts sharply from their October 14, 2022 written communication and the PUC holds the view that BEL should by now be ready to facilitate the many potential energy producers who are eager to be licensed by the PUC to sell energy.

In relation to the effectiveness of the Request for Proposals (RFP) process, the BEL representative suggested that the last two PPAs were signed outside of a bidding process. In fact, both the Santander and the BAPCOL Solar Projects are results of the RFP in 2013 and the Belize Co-Generation Energy Limited

(BELCOGEN) Plant resulted from the 2002 RFP Process. Additionally, the BAPCOL fossil fuel project in the south was a result of RFP 2006 and RFP 2013.

The BEL representative also mentioned that there were international interests prepared to move quickly to install electricity plants in Belize, and specifically that BECOL had made a proposal to install a solar farm. It was further stated that had BECOL's proposal been approved by the regulating body, the solar farm would have been built by now.

The PUC acknowledges that BECOL, in April 2019, presented an unsolicited proposal to develop a solar farm at Chalillo; however, the company proposed a rate equivalent to the existing Chalillo/Mollejon PPA. That rate is \$0.199 cents per kWh, with an escalation clause of 1.5% per annum over a lifespan of 30 years. The PUC holds the view that competitive bidding would result in prices that are lower than those proposed by BECOL and such rates would be declining rather than escalating over time. Moreover, there had already been an approved project under RFP 2013 for BAPCOL to construct a 15 MW solar plant at a maximum of \$0.170 per kWh, although at that time, the parties were yet to conclude negotiation over the PPA.

Similarly, the PUC is aware of the proposal for National Gas Company to build a Liquid Propane Gas Plant. While this would be a move towards the path of diversifying domestic energy sources in Belize, the PUC, as the regulating body, must also adhere to environmental commitments made by the Government of Belize (GOB) at the international level and has sought GOBs advice on the impact of building such a plant, given Government's commitment to going 75% green by 2030 and 100% green by 2050 and also given consideration to the Electricity Roadmap that was approved by the Cabinet in November of 2021.

As it relates to the statements made on the recent cyber-attack on BEL, where the representative mentioned that the company's investment in protecting its system from such attacks were somehow constrained because the PUC does not allow BEL to classify software as an asset, the PUC wishes to make it clear that whether software is classified as an asset or an operating expense, BEL is allowed to recover such reasonable costs by way of the tariffs that are set by the Commission. Ultimately, it is the consumer that pays for such investments in the rates that are set by the Commission.

When an investment is classified as an asset, though, BEL receives a return on that investment of between 8.0% to 12%. As such, what the BEL representative suggested is that the company might have weighed whether to invest in maximum security protection against not receiving a return on such an investment.

Nonetheless, the PUC wishes to indicate that the current Commission has made no determination on the merits of whether software is properly classified as an operating expense. The decision referred to by the BEL representative during the UNCUT interview was made during the Full Tariff Review Proceedings (FTRP) that were concluded in September 2020, before the current Commission took office.

The PUC continues to work diligently to balance the interest of consumers while remaining objective and transparent to utility service providers and looks forward to an open dialogue with BEL and other energy service providers to enhance service diversity in Belize.

For more information please visit www.puc.bz or contact the PUC's Public Relation office at info@puc.bz or at telephone number (501) 223-4938, extension 231.

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