



PUBLIC UTILITIES COMMISSION

**INITIAL DECISION
(2020 FULL TARIFF REVIEW PROCEEDING)**

for

Belize Electricity Limited

March 2020

Legal Framework

The Public Utilities Commission (PUC) is authorized under the Public Utilities Commission Act (No. 39 of 1999) to serve as the economic regulator for the electricity, water and telecommunications sectors in Belize.

The primary duty of the PUC is to ensure that the services rendered by public utility providers in all three sectors are satisfactory and that the charges imposed in respect of those services are reasonable. The PUC has the power to determine and prescribe rates that may be charged in respect of utility services and the standards which must be maintained in relation to such services. In addition, the PUC is responsible for the award of licenses and for monitoring and enforcing compliance with license conditions.

Sector specific legislation provides the legal framework for the PUC to carry out its duties and functions in a particular utility sector, as obtains in the regulation of the electricity sector, the Electricity Act (No. 13 of 1992), (the “Act”), as amended by Electricity (Amendment) Act 2007 (No. 12 of 2007) and Electricity (Amendment) Act 2011 (No. 4 of 2011) and the Electricity (Tariffs, Fees and Charges) Byelaws (Statutory Instrument No. 145 of 2005; the “Byelaws”), as amended by Statutory Instruments No. 116 of 2009 and No. 21 of 2012. The Byelaws govern the tariffs, rates, charges and fees for the transmission and supply of electricity and for existing and new services to be charged by a licensee to consumers in Belize, and the mechanisms, formulas, and procedures whereby such tariffs, rates, charges and fees shall be calculated and determined for all purposes. They also govern the quality of service standards (service reliability) for existing and new services at any time provided or to be provided by a licensee, and the mechanisms, formulas and procedures whereby such services shall be calculated and determined for all purposes. Further, the Byelaws reference the methodology used for Review Proceedings.

Full Tariff Review Proceedings

The Full Tariff Review Proceedings (FTRP) for the Full Tariff Period (FTP) of July 1, 2020, to June 30, 2024, commenced on January 22, 2020, upon the submission by Belize Electricity Limited (BEL) to the PUC requesting the PUC’s approval of proposed regulated values, mean electricity rates, tariffs, charges and fees for the period July 1, 2020, to June 30, 2024.

Summary of BEL Submission

The submission made by BEL contained the following key points:

- Total investments over the FTP of some \$282.6 million
- Total Operational Expenditure over the FTP of some \$133.1 million
- Total electricity sales over the FTP of some 2.58 billion KWhrs
- Total electricity purchased and generated over the FTP of some 2.97 billion KWhrs
- Total Annual Corrections of some \$35.9 million in favour of BEL
- No increase in the Mean Electricity Rate of \$0.4151 per KWhr for the remainder of 2020 and an increase for January 1, 2021, to June 30, 2024, that would yield an average Mean Electricity Rate of \$0.4533 over the entire FTP
- Adjustments to and introductions of various other Fees and Charges

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, 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 2020 FULL TARIFF REVIEW PROCEEDING INITIAL DECISION

Decisions and Orders. 2. (1) In respect of the application made January 22, 2020, by the Belize Electricity Limited (BEL) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges in its Full Tariff Review Proceeding (FTRP) Submission for the Full Tariff Period (FTP) of July 1, 2020, to June 30, 2024, the Commission hereby makes the following Decisions and Orders:

- (a) The Commission hereby approves the Annual Corrections (AC) contained in Schedule 1;
- (b) The Commission hereby approves the Regulated Asset Value (RAV) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 2;
- (c) The Commission hereby approves the forecast Consumption and Reference Cost of Power (COP) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 3;
- (d) The Commission hereby approves the Target Rate of Return (ROR), the Rate of Return Lower Limit (ROR_{LL}), the Rate of Return Upper Limit (ROR_{UL}), the Operational Expenditure (OPEX) and the Gearing Ratio (G) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 4;
- (e) The Commission hereby approves the Value Added of Delivery (VAD), the Other Income and the Tariff Basket Revenue (TBR) for each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) and the Mean Electricity Rate (MER) for the Full Tariff Period (FTP) as contained in Schedule 5;

- (f) The Commission hereby approves the Tariffs to be applied during each Annual Tariff Period (ATP) of the Full Tariff Period (FTP) as contained in Schedule 6, and hereby orders the Belize Electricity Limited (BEL) to levy the said Tariffs in respect of the electricity services it is licensed to provide;
- (g) The Commission hereby approves the Fees and Charges and Deposit requirements contained in Schedule 7, and hereby orders the Belize Electricity Limited (BEL) to continue to levy the said approved Fees and Charges in respect of the relevant electricity services it is licensed to provide.

Amend- 3. This Order may be amended at any time during an Annual Review
ment. Proceeding (ARP) within the Full Tariff Period (FTP), subject to the provisions of the Electricity (Tariff, Fees and Charges) Byelaws.

MADE by the Public Utilities Commission this 6th day of March, 2020.

(JOHN P. AVERY)
Chairman, Public Utilities Commission