



**PUBLIC UTILITIES
COMMISSION
BELIZE**

INTERIM ORDER

BELIZE ELECTRICITY LIMITED

FULL TARIFF REVIEW PROCEEDINGS 2024 (“FTRP 2024”)

APRIL 12, 2024

INTERIM DECISION OF THE COMMISSION

BELIZE

INTERIM 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 as amended, and all other powers thereunto the Commission enabling.

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

BELIZE ELECTRICITY LIMITED (FULL TARIFF REVIEW PROCEEDINGS) REQUEST FOR INFORMATION INTERIM ORDER, 2024

Decisions and Orders.

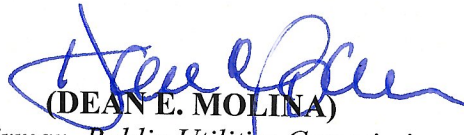
2. Belize Electricity Limited (“BEL or the Company”) submitted its filing for its Full Tariff Review Proceedings on March 22, 2024 (the “Filing”).
 - 2.1 As required by the Electricity (Tariff, Fees and Charges) Byelaws, 2005, the Commission invited the public to attend a Hearing on April 11, 2024, during which BEL was required to publicly justify its Filing.
 - 2.2 The Commission, after conducting a cursory review of BEL’s Filing, observed that critical data necessary for the Commission to arrive at a reasoned Decision in these proceedings had not been submitted.
 - 2.3 On April 10, 2024, the Commission forwarded the specific questions exhibited in the Schedule attached to this Order to BEL, which the Commission expected the Company to expound upon during their presentation at the Hearing.
 - 2.4 At the Hearing on April 11, 2024, the Chief Executive Office of BEL made a presentation which failed to comply with the Commission’s request to answer most of the questions that were posed in the Schedule attached hereto.
 - 2.5 To finalize its Decision in this matter, the Commission deems it necessary for the said questions to be answered.
 - 2.6 Ultimately, consumers are burdened with the costs incurred by BEL, and therefore the Company has a duty to fully justify their Filing, both to the consumer and the Commission.

3. The Commission HEREBY makes an Interim Order as follows:
- (a) That on or before April 16, 2024, BEL shall provide specific answers and supporting data as requested by the Commission and listed in the Schedule attached hereto.
 - (b) Where BEL fails to comply with this Order, the Commission shall not allow BEL to recover any unsubstantiated costs from consumers during the Full Tariff Period 2024|2028.

Amendment

4. This Order may be amended at any time subject to the provisions of the Electricity (Tariff, Fees and Charges) Byelaws, as amended.

MADE by the Public Utilities Commission this 12th day of April, 2024.


(DEAN E. MOLINA)
Chairman, Public Utilities Commission

SCHEDULE

Public Utilities Commission Questions to BEL

1. Assessment of the FTRP-2020 Final Decision:
 - In its FTRP-2020 Final Decisions the Commission approved \$255MN in CAPEX including \$15MN for SPO-CCK submarine cable, \$38MN for 2nd (Redundant) submarine cable to SPO and \$60MN for 2nd 230 kV Tx Line to Mexico. Please report on all the projects approved for the FTRP 2020|24 and the actual expenditures.

2. OPEX:
 - Please give the Justification for the increase in OPEX from approved on FTRP 20|24 (\$133MN) to forecast of FTRP 24|28 (\$194MN). The Commission is particularly concern for the increase in Payroll Expenses, averaging approximately \$8MN per year.
 - In FTRP 20|24, the approved OPEX was exactly what BEL requested in its submission. Can BEL explain and provide supporting data as to the core reasons for the over expenditure?
 - The Commission notes the inclusion of Computer software once more in the submission and takes note of the increase of OPEX as well. In its FTRP-2020 Final Decision, the Commission deferred consideration of any and all Smart Grid/Grid Modernization investments to a separate proceeding to fully ventilate expected cost/benefits of the implementation of automation. The PUC is eager to modernize the industry and wants to know when will BEL comply with the PUC FTRP 2020|24 Determination?

3. CAPEX:
 - Can BEL breakdown its CAPEX submission on what is for Generation, Supply assets (RAV) and None Regulated business (Such as EV Charging Stations, Solar DG, Engineering Studies)?
 - What is the current WACC of BEL, showing clearly how the proposed ROR of 10% is composed?
 - Why should the PUC not apply penalties for BEL's delay in the implementation of the Caye Caulker Submarine Cable and the San Pedro 2nd Submarine Cable installations, when both projects have been approved in FTRP 2016 and 2020 respectively?

4. COP:
 - In its 2024 Planning Determination the Commission directed BEL to align its FTRP Submission with its Planning Determination. Of note, both BEL and the PUC recognize errors on the demand forecast of the LCEP. Does BEL intend to follow the Order of the Commission and align the FTRP Submission with the Planning Determination 2024?
 - On BEL Submission the Solar farms and Battery Energy Storage Systems will be staggered annually. Why is BEL timeline not aligned with the Central Executing Unit that is developing these projects?
 - In the LCEP, which BEL has developed the FTRP, the economics of the BESS is supported by arbitrage energy trading, wherein charging is done during periods of low demand, low prices; while discharge is

done during periods of high demand, high prices. Why is the BESS not operated to take advantage of arbitrage as envisioned in the LCEP?

- When comparing the Overheads on Power Purchase Actuals with Forecasted on the COP Detail submission, BEL anticipates an increase of 600%, or approximately \$3MN annually. What are the expected expenses that will drive these increases?

5. Tariff:

- Present tariff is BZD\$0.3999 per KWh. The actual collections on this tariff schedule gave a “Tariff Yield” of BZD\$0.4036 in 2023. In the BEL submission, the Tariff Schedule introduces additional buckets in the Residential and Commercial 1 categories adding a higher rate for consumptions over 300KWh per month. In addition, the Commercial 2 bucket above the 20,000 KWh per month threshold was removed, leaving only the higher rate buckets. The PUC anticipates that this will cause the Tariff Yield to be higher than the present one. Has BEL calculated what the New Tariff Yield will be?
- Please provide evidence from recently metered and billed Residential, Commercial 1 and Commercial 2; as if the new tariffs proposed by BEL was implemented.
- According to Schedule 5 in BEL FTRP 2024|28 Submission, BEL calculates the MER to rise from the current \$0.40/kWh to the proposed \$0.443/kWh. For the duration of the FTRP, BEL revenue short fall will be approximate \$137MN. BEL is requesting that the current MER remains the same in their submission. The PUC is asking BEL to demonstrate how the company will remain solvent in its operation for the duration of the FTRP.

6. Generally:

- The Commission has observed that revenues is projected to grow disproportionately slower that the projected expenditures in capital and OPEX. Additionally, BEL is proposing an increase in ROE from 10% to 15%. With revenues and costs growing at an uneven pace, when will ratepayers benefit from a lower value added of delivery (VAD)?