



# **PUBLIC UTILITIES COMMISSION**

## **FINAL DECISION (2021 ANNUAL REVIEW PROCEEDING)**

**for**

**Belize Electricity Limited**

**June 2021**

## **Legal Framework**

The Public Utilities Commission (PUC) is authorized under the Public Utilities Commission Act Cap. 223 of the Laws of Belize 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 licences and for monitoring and enforcing compliance with licence 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 pertinent laws are 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.

## **Annual Review Proceeding**

The Annual Review Proceeding (ARP) for the Annual Tariff Period (ATP) July 1, 2021 to June 30, 2022 commenced on April 1, 2021, upon the submission by Belize Electricity Limited (BEL) to the PUC requesting the PUC’s approval of proposed amendments to regulated values, mean electricity rates, tariffs, charges and fees for the period July 1, 2021 to June 30, 2024, as previously approved in the 2020 Full Tariff Review Proceeding (2020 FTRP).

### **Summary of BEL's Submission**

The submission – made on 1 April 2021 – and supplemental information – submitted on 15 April 2021 – by BEL contained the following key points:

- Total investments over the Full Tariff Period (FTP) of \$208.6 million
- Total Operational Expenditure over the FTP of \$133.05 million
- Total electricity sales over the FTP of 2.325 billion kWhrs
- Total electricity purchased and generated over the FTP of 2.632 billion kWhrs at a cost of \$581,343,176.
- Mean Electricity Rate for the July 1, 2021 to June 30, 2024 period being \$0.4308 per kWh
- No adjustments to Tariffs, Fees and Charges

## Decision of the Commission

**BELIZE:**

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***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.***

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

### **BELIZE ELECTRICITY LIMITED 2021 ANNUAL REVIEW PROCEEDING FINAL DECISION**

**Decisions and  
Orders.**

2. (1) In respect of the application made April 1, 2021, by the Belize Electricity Limited (BEL) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges in its Annual Review Proceeding (ARP) Submission for the remaining Annual Tariff Periods (ATPs) of the Full Tariff Period (FTP) of July 1, 2021, 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 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 (RORLL), the Rate of Return Upper Limit (RORUL), the Operational Expenditure (OPEX), the Generalized Expenditures Capitalized (GEC) 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 Rates (MERs) 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 licenced to provide;
- (g) The Commission does not adjust any other previously approved Regulated Values, Fees and Charges, and hereby orders the Belize Electricity Limited (BEL) to continue to levy the said previously approved Fees and Charges in respect of the relevant electricity services it is licenced to provide.
- (h) Pursuant to sub-regulation 33(2)(b) of Statutory Instrument 145 of 2005, as amended by Statutory Instrument 116 of 2009, the Commission's written determinations for the enforcement of this Decision, once finalized, shall be binding on the Belize Electricity Limited (BEL) and any other licensee.

**Amendment.**

3. This Order may be amended at any time during an Annual Review 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 24<sup>th</sup> day of June, 2021.

  
(DEAN E. MOLINA)  
*Chairman, Public Utilities Commission*

## Schedule 1

### **Belize Electricity Limited (BEL)** Annual Corrections - July 1, 2019 to June 30, 2020

<u>General Corrections - July 1, 2019 - June 30, 2020</u>	
Approved Tariff Basket Revenue - \$	246,079,001
Realized Tariff Basket Revenue - \$	243,410,139
Variance (Total Approved less Total Realized) - \$	2,668,862
add: IE for 2020 FTRP - \$	48,245
less: Disallowed Costs - \$	-3,732,564
Approved Corrections for 2019/20 ATP - \$	-1,015,457



## Schedule 2

### Belize Electricity Limited (BEL) Approved Regulated Asset Value (RAV) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Regulated Asset Value (RAV) as at December 31 of each year - \$:

Year	2018	2019	2020	2021	2022	2023
<b>Starting RAV</b>	348,149,329	369,640,959	373,256,368	386,061,108	391,589,431	409,191,238
<b>Depreciation</b>	15,712,634	17,458,394	17,492,707	18,337,903	18,600,498	19,436,584
<b>Work In Progress</b>	14,086,229	16,654,000	34,709,449	52,363,155	68,365,877	47,793,434
<b>Additions</b>	28,554,049	53,061,000	22,029,955	34,709,449	52,363,155	68,365,877
<b>Change in Contributed Capital</b>	-	-	856,975	4,503,476	7,333,997	1,291,003
<b>Ending RAV</b>	369,640,959	373,256,368	386,061,108	391,589,431	409,191,238	451,410,174

### Schedule 3

#### Belize Electricity Limited (BEL)

Approved Cost of Power (COP) Parameters and Demand for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Generation and Purchase of Power and Reference Cost of Power (COP), and Demand for each ATP of the FTP:

Year	2020-2021	2021-2022	2022-2023	2023-2024
KWHrs Purchased and Generated - KWHrs	602,951,875	647,605,440	691,279,339	728,864,685
Reference Cost of Power - \$	120,094,953	127,530,128	134,295,239	148,881,545
Approved Consumption/Demand - KWHrs	537,079,415	565,720,949	608,064,540	645,540,715
Reference Cost per KwHr Consumed - \$/KWHr	0.2236	0.2254	0.2209	0.2306



## Schedule 4

### Belize Electricity Limited (BEL)

Approved Rate of Return (ROR), OPEX and Gearing Ratio (G) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Rate of Return (ROR) for each ATP of the FTP - %:

Period	2020-21	2021-22	2022-23	2023-24
ROR Lower Limit	8	8	8	8
ROR Target Value	10	10	10	10
ROR Upper Limit	12	12	12	12

Approved OPEX for each ATP of the FTP - \$:

Period	2020-21	2021-22	2022-23	2023-24
OPEX	32,524,967	33,012,258	33,506,842	34,008,830
GEC	2,615,387	2,654,419	2,708,677	2,751,442

Approved Gearing Ratio (G)- FTP:	0.6
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# Schedule 5

## Belize Electricity Limited (BEL)

Approved Tariff Basket Revenue (TBR) and Components and Mean Electricity Rate (MER) for Full Tariff Period (FTP) July 1, 2020, to June 30, 2024

Approved Tariff Basket Revenue (TBR) and Revenue Components for each ATP of the FTP and Mean Electricity Rate for the FTP - \$:

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Totals - FTP
Revenue Components of TBR:							
Value Added of Delivery (VAD)							
OPEX	29,798,691	30,245,671	32,524,967	33,012,258	33,506,842	34,008,830	133,052,897
Return	36,964,096	37,325,637	38,606,111	39,158,943	40,919,124	45,141,017	163,825,195
Depreciation	15,712,634	17,458,394	17,492,707	18,337,903	18,600,498	19,436,584	73,867,691
Net Corrections - FTRP	-105,799	12,574,255	8,842,163	8,842,163	8,842,163	8,842,163	35,368,653
- ARP 21				-338,486	-338,486	-338,486	-1,015,457
- ARP 22				0	0	0	0
- ARP 23				0	0	0	0
Taxes/Licence Fees	5,963,382	5,536,778	6,045,234	6,300,550	6,563,037	7,132,726	26,041,546
Sub-Total (VAD)	88,333,004	103,140,735	103,511,181	105,313,332	108,093,178	114,222,834	431,140,525
Reference Cost of Power	179,959,419	146,831,364	120,094,953	127,530,128	134,295,239	148,881,545	530,801,866
RSA Recovery							
Less: Other Income	-3,253,225	-3,893,097	-3,779,458	-3,732,543	-3,732,543	-3,732,543	-14,977,085
Tariff Basket Revenue	265,039,198	246,079,001	219,826,676	229,110,917	238,655,875	259,371,837	946,965,305
Demand (MWhs)	567,812	576,627	537,079	565,721	608,065	645,541	2,356,406
Actual/Estimated MER			0.4093	0.4050	0.3925	0.4018	0.4019
Approved Mean Electricity Rate (MER): July 1, 2020 - December 31, 2020 - \$			0.4151				
Approved Mean Electricity Rate (MER): January 1, 2021 - June 30, 2021 - \$:			0.4018				
Approved Mean Electricity Rate (MER): July 1, 2021 - June 30, 2024 - \$:				0.3999			

## Schedule 6

### Belize Electricity Limited (BEL)

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

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