



27<sup>th</sup> November 2025

Mr. Dean Molina  
Chairman  
Public Utilities Commission  
#4 Princess Margaret Drive  
2<sup>nd</sup> Floor, Marina Towers  
Belize City, Belize

Dear Chairman Molina,

**Application: Annual Review Proceeding Amendment Application 2025**

Belize Electricity Limited (BEL) respectfully submits its Amendment Application pursuant to Byelaw 33(2)(a) of the Electricity (Tariffs, Fees and Charges) Byelaws, Revised Edition 2020 as amended. This Application seeks the Commission's approval to adjust tariffs for the period 1 January 2026 to 30 June 2026 in accordance with the provisions of the byelaw as follows:

*"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 actual Cost of Power."*

Over the period July 2023 to June 2026, BEL has incurred a cumulative positive Cost of Power (COP) variance of \$108,457,017, representing sustained under-recovery of actual COP relative to the RCOP embedded in tariffs. For this submission, BEL has treated a correction totaling \$23,382,124 that was applied in the 2024/2028 Tariff Basket Revenue (TBR) as emanating from variances due to COP only during the 2023/2024 Annual Tariff Period and has deducted this amount from the cumulative COP variance of \$108,457,017 for the period under review. In accordance with the regulatory provisions, BEL seeks approval for the recovery of these variances *minus the Commission's corrections for the 2023/2024 Annual Tariff Period* starting January 2026 to December 2027 by means of a Mean Electricity Rate (MER) adjustment of BZ\$0.0555/kWh.

We wish to express our appreciation for the Commission's attention to this submission. BEL remains at the Commission's disposal and stands ready to provide any further explanation or supporting information the Commission may require.

Sincerely,  
Belize Electricity Limited

Khadija Usher  
Manager, Wholesale Energy Markets

**Cc:** Hon. Michel Chebat, SC., Minister of Public Utilities, Energy & Logistics



# **Belize Electricity Limited**

## **Annual Review Proceeding Amendment Application 2025**

*Submitted to:*

*Public Utilities Commission of Belize*

27<sup>th</sup> November 2025

## EXECUTIVE SUMMARY

This Annual Review Proceeding (ARP) Amendment Application is submitted pursuant to Byelaw 33(2)(a) to recover accumulated Cost of Power (COP) variances occurring during the period from July 2023 to June 2026 by adjusting the approved Mean Electricity Rate (MER) over the period 1 January 2026 to 30 June 2026.

Over the period July 2023 to June 2026, BEL will have incurred a cumulative positive Cost of Power (COP) variance of \$108,457,017, reflecting under-recovery of Actual COP relative to the Reference Cost of Power (RCOP) embedded in the tariffs over the period July 2023 to October 2025 amounting to \$87,519,259 and projected under-recovery of Forecasted COP relative to the Reference Cost of Power (RCOP) over the period November 2025 to June 2026 amounting to \$20,937,758.

The Commission in its Final Decision for the 2024/2028 Full Tariff Review Proceedings allocated corrections totaling \$23,382,124 to the Tariff Basket Revenue (TBR) to recover variances accumulated over the 2023/2024 (July 2023 to June 2024) Annual Tariff Period (ATP). For this submission, BEL has treated the entire correction of \$23,382,124 as deriving from variances due to COP and has deducted the entire amount from the cumulative COP variance of \$108,457,017 for the period under review.

BEL therefore seeks the approval of the Commission to recover the net cumulative COP variance of **\$85,074,893** over the period January 2026 to December 2027 of the current Full Tariff Period (FTP) by means of a **Mean Electricity Rate (MER) adjustment of \$0.0555/kWh starting in January 2026**, which is based on BEL's latest sales projections of 1,531,676 MWh from January 2026 to the end of 2027.

**Table A. Computation of Required MER Adjustment to Recover Cumulative COP Variance**

COP-RCOP Variance July 2023-June 2026 (\$)	2023/2024 ATP Corrections applied in FTP 2024/2028 (\$)	Net Additional Corrections to be applied In FTP 2024/2028 (\$)	Forecasted Sales for January 2026 to December 2027 (MWh)	Required MER Adjustment Over Requested Recovery Period (\$/kWh)
\$108,457,017	\$23,382,124	<b>\$85,074,893</b>	1,531,676	<b>0.0555</b>

BEL seeks the recovery of the \$85,074,893 cumulative COP variance because the failure of the approved rates to allow for the recovery of actual COP since July 2023 now threatens the financial stability of BEL. BEL has found it increasingly more difficult to finance the variance between COP and RCOP for the benefit of the public given the introduction of absolute single borrower limits by the Central Bank of Belize on August 1, 2023. Furthermore, since the acquisition of the Fortis shares by the Government of Belize, lenders now regularly require the guarantee of loans from the government and such guarantees have proven difficult to obtain.

BEL is therefore not able to leverage its financial carrying capacity to bridge such variances in the future in the face of these limitations. BEL expects that the introduction of tariff reform along with the rollout of demand side management initiatives by next year and the deployment of lower costing utility-scale energy sources over the medium term will help to alleviate this problem but must seek the requested rate adjustment as a minimum to cover the interim period until these measures are fully implemented.

## 1.0 Key Terminology

For ease of reference, the following terms are used throughout this Amendment Application:

- 1.1 **“ARP”** (Annual Review Proceeding) – A periodic review conducted by the Commission to assess and adjust approved tariffs and regulated parameters for the applicable tariff period.
- 1.2 **“ATP”** (Annual Tariff Period) – The one-year period for which electricity tariffs, rates, and charges approved by the Commission remain in effect.
- 1.3 **“Cost of Power”** (COP) – The cost of power purchased in accordance with the terms and conditions of any Commission-approved power purchase agreement, together with the costs of the licensee’s own-generation production.
- 1.4 **“FTP”** (Full Tariff Period) – The multi-year tariff period established under a Full Tariff Review Proceeding.
- 1.5 **“FTRP”** (Full Tariff Review Proceeding) – A comprehensive review conducted by the Commission to determine regulated parameters and Reference Cost of Power for the full tariff period.
- 1.6 **“MER”** (Mean Electricity Rate) – The average electricity rate for a specific period, calculated by dividing the forecasted revenue requirement by the forecasted sales for the period.
- 1.7 **“Proposed Values”** – Values proposed and submitted by the licensee in a FTRP or ARP for the regulated parameters set out in the Schedules, including forecast values for Cost of Power, recovery of changes in Cost of Power, and costs related to power delivery.
- 1.8 **“Reference Cost of Power”** (RCOP) – The forecast cost of power for each calendar year as determined by the Commission in a FTRP or ARP after reviewing the licensee’s submissions.
- 1.9 **“Regulated Parameters”** – The elements defined in the Byelaws and used in the mathematical expressions for determining the mean electricity rate, tariffs, rates, charges, and fees, and whose values determine the outcome of those expressions.
- 1.10 **“Regulated Values”** – The values determined by the Commission to be the approved values for the regulated parameters, including forecast values for Cost of Power, recovery of Cost of Power variances, and costs related to power delivery.
- 1.11 **“RSA”** (Rate Stabilization Account) – Any account established under Part VI of the Byelaws to record and regulate variances between Reference Cost of Power and Actual Cost of Power, including the Cost of Power Rate Stabilisation Account (CPRSA).

*NOTE:* Supporting numerical calculations, including detailed COP, sales, and CPRSA variance schedules, are provided in the accompanying Excel workbook titled ‘ARP Amendment 2025 - Calculations.xlsx’, in particular the COP\_VARIANCES, COP, SALES, and PEAK tabs.

## 2.0 Regulatory Context and Basis for the Application

**2.1 Authority under Byelaw 33(2)(a).** Byelaw 33(2)(a) provides a specific mechanism for the review and amendment of the approved tariffs in order to account for any material variance between the Reference Cost of Power (RCOP) and the Actual Cost of Power (COP):

*“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 actual Cost of Power.”*

Under Byelaw 2:

- i. RCOP is the forecast cost of power approved by the Commission in the FTRP or ARP;
- ii. COP is the actual cost of purchased power plus variable and fixed operating generation costs incurred by the licensee.

**2.2 Byelaw 33 and the CPRSA under Byelaw 40.** Although Byelaw 33(2)(a) does not expressly reference the Cost of Power Rate Stabilisation Account (CPRSA), Byelaw 40 provides the framework for the treatment of variances:

*“...the CPRSA regulates the manner in which increases or decreases in the COP are passed on to customers, but only to the extent that such increases or decreases are not reflected in the RCOP...”*

Accordingly, any amendment under Byelaw 33 would, by necessity, incorporate an adjustment that reflects the accumulated CPRSA balance, which consists of historical COP–RCOP variances that have not yet been recovered from or returned to customers through approved tariffs.

**2.3 Relevance of Historical and Forecast Data under Byelaw 30.** Byelaw 30 requires that submissions include both historical data and forecasts of future costs, to ensure that tariffs set for any period reflect the complete financial picture:

*“...the submission shall include all relevant historical data and forecasts of future costs... and shall set out in detail the data and calculations supporting the licensee’s proposal.”*

Therefore, the reference to the period January 1 to June 30, 2026, does not limit the analysis to only variances arising within that ATP. The CPRSA balance includes:

- i. All past variances not yet incorporated into tariffs (from July 2021 onward), and
- ii. Forecast variances expected through the remainder of the current ATP (July 2025–June 2026).

**2.4 Byelaw 28(2) and Implications for the Recovery Period.** The current FTP spans four years, of which one year and 4 months has already elapsed up to the end of October 2025. Consequently, only two years and 8 months remain. Byelaw 28(2) stipulates that:

*“The regulated values shall provide for rate adjustments so that any amounts in the Cost of Power Rate Stabilisation Account as of the commencement of the ATP shall be reduced to zero as of the termination of the FTP.”*

This provision establishes a mandatory reconciliation requirement that governs the treatment of accumulated Cost of Power (COP) variances. When read in conjunction with the broader framework of Part VI of the Byelaws, Byelaw 28(2) is properly interpreted as follows:

This statutory structure gives rise to the following implications for BEL’s present amendment application:

- i. The permissible recovery window is limited to the remaining portion of the current FTP. All accumulated COP–RCOP variances, together with forecast variances through the end of the current ATP (June 2026), must therefore be recovered or rebated within this fixed period.
- ii. Any amendment under Byelaw 33 must be consistent with Byelaw 28(2).

As such, the tariff adjustments proposed reflect a recovery methodology that ensures complete reconciliation within the FTP, specifically by the end of 2027, in accordance with the Byelaws.

**2.5 Final Decision Under Review.** The decision being reviewed is the Commission’s Final Decision of 12 June 2025 for the *2025 Annual Review Proceeding* (ATP: 1 July 2025 – 30 June 2026). This Amendment Application is submitted pursuant to that decision, consistent with the regulatory context and basis for Application outlined above.

### 3.0 Presentation of Variances in COP versus RCOP Historical & Forecast

**Table 3-1.** The tables below present BEL’s computation of Cost of Power (COP) variances for the period July 2023 through June 2026, covering the last annual tariff period of the 2020–2024 Full Tariff Period (FTP) and the first two annual tariff periods of the 2024–2028 FTP.

For each half-year period, the analysis compares the Actual or Forecast COP with the Reference Cost of Power (RCOP) established by the Commission, calculated using the applicable RCOP/kWh multiplied by actual or forecast sales. The resulting variance represents the overrun/under-recovery of COP for that period if positive and the underrun/over-recovery of COP if negative.

We present computation starting from July 2023, which follows from the last period for which corrections applied (ATP 22/23) were fully based on actual COP outcomes.

**Table 3-1A. Summary of Computation of COP Variances for the period July 2023 through June 2026**

Half-Year Period	Sales (kWh)	COP (\$)	RCOP (\$)	Variance (\$)	Cumulative Variance (\$)
Jul - Dec 2023	309,525,517	99,042,580	75,586,131	23,456,449	23,456,449
Jan - Jun 2024	316,610,976	131,164,728	77,316,400	53,848,328	77,304,777
Jul - Dec 2024	363,574,542	82,098,908	99,001,348	(16,902,440)	60,402,337
Jan - Jun 2025	343,782,696	110,967,417	93,612,028	17,355,389	77,757,727
Jul - Dec 2025 (F)	372,950,321	108,369,611	100,547,407	7,822,204	85,579,931
Jan - Jun 2026 (F)	362,609,114	120,636,503	97,759,417	22,877,086	108,457,017

**Table 3-1B. Summary of Computation of COP Unit Variances for the period July 2023 through June 2026**

Half-Year Period	Sales (kWh)	COP (\$)/kWh	RCOP (\$)/kWh	Variance (\$)	Cumulative Variance (\$)
Jul - Dec 2023	309,525,517	0.3200	0.2442	23,456,449	23,456,449
Jan - Jun 2024	316,610,976	0.4143	0.2442	53,848,328	77,304,777
Jul - Dec 2024	363,574,542	0.2258	0.2723	(16,902,440)	60,402,337
Jan - Jun 2025	343,782,696	0.3228	0.2723	17,355,389	77,757,727
Jul - Dec 2025 (F)	372,950,321	0.2906	0.2696	7,822,204	85,579,931
Jan - Jun 2026 (F)	362,609,114	0.3327	0.2696	22,877,086	108,457,017

For the purposes of the variance analysis presented in Section 3, ‘Actual COP’ refers to the Cost of Power attributable to energy purchased and generated for sale to customers, excluding Control Centre and system operations costs, which are treated separately within BEL’s operating cost framework. All COP figures in Table 3-1 and the COP\_VARIANCES workbook are calculated on this basis.

A detailed variance computation table is appended and provided in the supplementary workbook ‘ARP Amendment 2025’ Tab: COP\_VARIANCES.

### 3.1 Historical Variances

**3.1.1** Historical variances are based on the variances between actual COP outcomes and RCOP for each of the annual tariff periods from July 2023 through to June 2025. The actual COP outcomes are detailed in the supplementary workbook ‘ARP Amendment 2025’ Tab: ‘COP’, which provides a breakdown of actual costs and energy production by supplier as well as Power Purchase and Control Center overhead costs. These monthly cost summaries are supported by detailed unit dispatch data and copies of supplier invoices which are sent to the Commission after the end of each month.

### 3.2 Forecasted Variances

**3.2.1** For the July–December 2025 period, the COP values are based on actual results for July–October 2025 and forecast estimates for November–December 2025. The forecasts reflect expected continued generation mix constraints and higher CFE electricity import costs.

**3.2.2** Consistent with the Regulations, projected variances up to the end of the current ATP are incorporated into the amendment application to ensure that approved tariffs remain reflective of expected COP levels for the remainder of the current ATP. Supporting details are provided in the ‘COP’ tab of the accompanying workbook.

**3.2.3** BEL is in receipt of CFE’s forecast of electricity import prices which shows prices normalizing to levels close to those observed prior to the Yucatan Peninsula capacity shortfall constraints, although CFE has not demonstrated that the underlying capacity issues have been remedied. As a result, BEL has forecasted January–June 2026 using prices

in line with this same period in 2025, with prices during the May to August months rising on average 60% above prices for the remaining months in the year.

- 3.2.4** In alignment with BEL’s proposal to the Commission to address the anticipated material shortfall in generation services in 2026, the forecast incorporates a fixed monthly all-in cost of \$637,200 for temporary diesel generation rental for the period March to June 2026. Although the temporary generation requirement is expected to last through August 2026, only the portion of these costs allocated to March through June 2026 impacts the cumulative variance computation, as the current ATP concludes in June 2026. Terms & conditions for this planned emergency generation can be referenced in BEL’s correspondence to the Commission dated 15<sup>th</sup> November 2025. Cost estimates assigned to temporary generation can be sourced in ‘COP’ tab of the accompanying workbook.

**4.0 Application for Cost of Power Variance Recovery**

- 4.1** BEL is requesting recovery of cumulative COP variance for the periods within the current and previous ATPs, as summarized in Table 3-1A further above presenting half-ATPs showing the actual or forecasted COP, corresponding electricity sales, the Reference Cost of Power (RCOP) per kWh, the total RCOP, the variance between actual/forecast COP and RCOP, and the cumulative variance.
- 4.2** For this submission, BEL has deducted the Commission’s ARP 2023/2024 Correction applied in the 2024-2028 Tariff Basket Revenue (TBR) from the cumulative COP variance for the period under review. While BEL acknowledges that this correction may not have been intended to address Cost of Power variances exclusively, the entire correction amount has nevertheless been deducted for the purposes of this calculation on the assumption that the provisioned corrections arose entirely from past COP variances. This corresponds to total correction of \$23,382,124 over FTP 2024/2028.
- 4.3** BEL is obliged to make this application in accordance with Byelaw 28(2), which stipulates that the permissible recovery window is limited to the remaining two and a half (2 ½) annual tariff periods of the current FTP. All accumulated COP–RCOP variances, together with forecast variances through the end of the current ATP (June 2026), must therefore be recovered or rebated within this fixed period.
- 4.4** Accordingly, BEL applies for recovery of COP-RCOP variances over the period January 2026 to December 2027. Table 4-1 below presents the computation of the required adjustment to the MER through to December 2027 based on the cumulative COP variance. The table summarizes the total COP-RCOP variance to be recovered, the forecast sales over the requested recovery period, the resulting unit variance COP, and the corresponding MER adjustment required to fully liquidate the cumulative COP variance within the requested timeframe.

**Table 4-1. Computation of Required MER Adjustment to Recover Cumulative COP Variance**

<b>COP-RCOP Variance July 2023-June 2026 (\$)</b>	<b>2023/2024 ATP Corrections applied in FTP 2024/2028 (\$)</b>	<b>Net Additional Corrections to be applied In FTP 2024/2028 (\$)</b>	<b>Forecasted Sales for January 2026 to December 2027 (MWh)</b>	<b>Required MER Adjustment (\$/kWh)</b>
\$108,457,017	\$23,382,124	\$85,074,893	1,531,676	<b>0.0555</b>

**4.5**

- 4.6 BEL is obliged to make this application in accordance with Byelaw 28(2), which stipulates that the permissible recovery window is limited to the remaining two and a half (2 ½) annual tariff periods of the current FTP. All accumulated COP–RCOP variances, together with forecast variances through the end of the current ATP (June 2026), must therefore be recovered within this fixed period.
- 4.7 It is important to bring to the Commission’s attention that the \$85M which would be recovered through the proposed MER adjustment is still significantly less than the accumulated arrears owing to Independent Power Producers of over \$63M plus BEL’s local debt currently amounting to \$69.7M which were procured principally to pay for the COP–RCOP variances incurred as well as for additional generation capacity to meet in-country capacity shortfalls and preserve grid stability.

**Table 4-2. BEL Debt Service Projections**

<b>Debt Service Projections (\$)</b>	<b>Jan-Jun 2026</b>	<b>Jul-Dec 2026</b>	<b>Jan-Jun 2027</b>	<b>Jul-Dec 2027</b>
Local Banks & FIs	6,345,552	16,930,987	5,798,481	5,689,699
Debentures	7,135,944	7,135,944	7,135,944	7,135,944
International Banks & FIs	3,731,872	4,252,319	4,504,582	4,756,844
<b>Total Debt Service</b>	<b>17,213,368</b>	<b>28,319,250</b>	<b>17,439,007</b>	<b>17,582,487</b>

- 4.8 Additionally, as Table 4-3 shows, the allocation for COP recovery in the rates over the next two years from January 2026 to December 2027 is just marginally sufficient to cover the projected COP over the period.

**Table 4-3. COP Recovery via Rates versus Projected COP**

<b>COP Comparison (\$/kWh)</b>	<b>Jan-Jun 2026</b>	<b>Jul-Dec 2026</b>	<b>Jan-Jun 2027</b>	<b>Jul-Dec 2027</b>	<b>Period Average</b>
<i>COP allocated in Rates</i>	0.2696	0.2690	0.2690	0.2580	0.2663
<i>MER Adjustment for COP</i>	0.0555	0.0555	0.0555	0.0555	0.0555
<b>COP Recovery via Rates</b>	<b>0.3251</b>	<b>0.3245</b>	<b>0.3245</b>	<b>0.3135</b>	<b>0.3218</b>
<b>Projected COP</b>	<b>0.3340</b>	<b>0.3026</b>	<b>0.3347</b>	<b>0.3022</b>	<b>0.3180</b>

- 4.9 Considering both 4.7 and 4.8 above, BEL requests that the proposed MER adjustment be treated as the minimum MER adjustment to be made to maintain the financial stability of BEL over the period.

**Formal Statement of BEL’s position on ARP Amendment 2025:**

- BEL hereby declares its position in this ARP Amendment that timely recovery of the cumulative COP–RCOP variances is both necessary and required under the Regulation. The cumulative COP–RCOP variances arising across the current and previous Annual Tariff Periods total BZ\$108.46 million as of the end of the forecasted ATP (June 2026). In accordance with the requirement that these variances be reconciled within two (2) years of the remaining two and a half (2 and ½) years of FTP 24–28, BEL proposes an adjustment to the MER by \$0.0555/kWh to fully liquidate the cumulative COP variance within the requested recovery window. BEL affirms that approval of this adjustment is essential to maintaining the financial integrity of the COP recovery mechanism and respectfully requests the Regulator’s endorsement of this position as part of the ARP Amendment 2025.*

2. *For the avoidance of doubt, the variances demonstrated by BEL for the purpose of this ARP Amendment pursuant to byelaw 33(2) concern the variances between the actual Cost of Power and Reference Cost of Power which arose since the ARP 2023 Decision and the FTRP 2024-2028 Decision, and which have not been accounted for in any ARP Amendment or other proceeding (ARP or FTRP) to date except to the extent that the corrections applied in the FTRP 2024/2028 Final Decision accounted for COP variances arising during the 2023/2024 ATP.*
3. *Furthermore, BEL reminds the Commission that there are additional variances which existed prior to the 2023/2024 ATP which have not been included in this ARP Amendment. These outstanding unresolved matters include but are not limited to variances attributed to the disputed Caye Caulker penalties. The variances have been excluded to avoid the conflation of this submission with other outstanding unresolved matters relating to unrecovered variances.*
4. *Please note that BEL's exclusions of the Cost of Power Rate Stabilization Account (CPRSA) balances related to these outstanding and unresolved issues ought not to be interpreted as BEL's agreement with the Commission's position on the matters nor an indication of an intention by BEL to withdraw, waive, or relinquish any present or future entitlement, submission, or claim to recover or account for the said CPRSA balances.*

## **5.0 Closing Remarks**

BEL appreciates the continued support and guidance of the Commission in reviewing this amendment application. The Company remains committed to providing reliable and sustainable electricity service to Belize and looks forward to the timely consideration of the requested tariff adjustments and COP variance recovery. BEL welcomes any questions or requests for additional information to facilitate the Commission's review and approval process.



## Envelope Data

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## Signer Signatures

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