



PUBLIC UTILITIES COMMISSION

FINAL DECISION

(2025 ANNUAL REVIEW PROCEEDING AMENDMENT)

for

Belize Electricity Limited

30 December 2025

IN THE MATTER OF the Amendments of the Annual Review Proceeding Final Decision 2025 (“ARP 2025 Amendment”) for Belize Electricity Limited (“BEL”)

30th December 2025

I. Draft Amendments adopted as Final

1. On November 27, 2025, Belize Electricity Limited (“BEL”) submitted an application seeking an amendment to the *BEL ARP 2025 Final Decision* (the “Amendment Submission”). This is pursuant to Section 33(2) of the Electricity (Tariffs, Charges and Quality of Service Standards) Byelaws, Revised Edition 2020 as amended (the “Byelaws”).
2. On December 11, 2025, the Public Utilities Commission (the “Commission”) issued its Draft Amendments in its initial decision, which provides for, *inter alia*, amendments to the tariffs, fees, and charges to be levied for electricity services for the period January 1, 2026 to June 30, 2026.
3. Between December 11, 2025 and December 22, 2025, the Commission held publicly advertised consultations and invited BEL and interested parties to submit written comments.
4. At the end of the consultation period, BEL was the only stakeholder to submit written comments. By letter dated December 22, 2025, BEL advised that it “...intends to implement the approved tariffs effective January 1, 2026...” and also provided “...financial and technical clarifications, planned compliance actions, and matters on which BEL expressly reserves its rights under the regulatory framework.” BEL’s comments are available at www.puc.bz.
5. Given that there were no comments received from interested parties and that BEL’s written comments did not give rise to any new matter requiring further determinations, the Draft Amendments is hereby made final on December 11, 2025.
6. The Amendments are attached at the end of this document. The following paragraphs elaborate on certain findings set out in its rationale for the draft amendments which require clarification for the public record in light of BEL’s comments.

II. Commission’s Further Comments on Findings related to BEL’s Dispatching

7. At paragraph 23 of its Initial Decision, the Commission stated that it “...was satisfied that the dispatching results over the review period were the most economic that could have been achieved under the circumstances” based on the presumption that where “...it is clear that the Licensee has dispatched its available generation sources in a manner that optimizes reliability, grid stability and continuity of supply at least cost, there will be no need for further inquiry.”
8. These statements by the Commission were findings based on a presumption and were in no way a determination or an endorsement that BEL’s system operations were compliant with least-cost merit-order dispatch principles based on Commission models. BEL’s comments at paragraphs 4.1.11, 4.2.5, and 4.3.3 misconstrues these findings as a determination by the Commission. For the avoidance of doubt, the determinations of the Commission are set out separately from its findings in Section III of the Initial Decision.

III. Commission's Further Comments on Findings related to BEL's Generation Investments

9. At paragraphs 14 to 16 of its Initial Decision, the Commission cited informational and procedural deficiencies in BEL's submission relating to its recent generation investments, namely the San Pedro and Westlake Gas Turbines (GTs). In BEL's comments, the company explains that these generation investments were "*...undertaken to preserve continuity of service, protect customers, and safeguard national economic activity, rather than to pursue discretionary growth or expansion beyond system requirements.*"
10. Two separate issues remain to be resolved in future proceedings for these generation investments: (1) satisfying the statutory requirements for consent proceedings; and (2) determining the scope of cost recovery of generation assets in rate proceedings.
11. Consent proceedings are a critical pre-requisite of power plant construction and/or installation. The process ensures that generation projects are fit for purpose, safe, legal, environmentally sound, and publicly supported. Failing to adhere to the regulations in this regard is not a mere "procedural lapse" as BEL indicates at paragraph 4.1.15 of its comments but a flagrant disregard of Section 51 of the Electricity Act.
12. Furthermore, the explanation provided by BEL at paragraph 4.1.16, that "*...the investments represented a necessary and last-resort response to maintain system reliability and avoid sustained load shedding*" is misleading as it pertains to the San Pedro GT. The Commission had ordered BEL, on December 22, 2023, to procure 5 MW of containerized units, by an open competitive process, to be installed in San Pedro. This was the preferred short-term solution based on BEL's request at that time. BEL opted to ignore this order and forgo other potential alternatives that may have arisen from further consultation.
13. Additionally, BEL claims that the San Pedro GT was also an emergency solution to the problem of the load on Ambergris Caye breaching the capacity of the submarine cable. This cannot be an emergency response considering that the Commission had previously approved investments in a second transmission line to San Pedro from the 2016|2020 FTRP, providing BEL sufficient time to have a cost-effective solution to the capacity constraints on that transmission line.
14. As it relates to determining the scope of cost recovery, the rate proceedings for generation assets are different from rate proceedings for BEL as a Single Buyer and network operator. Typically, BEL negotiates a provisional rate with Independent Power Producers ("IPPs") at which BEL will buy power as part of a Power Purchase Agreement ("PPA") subject to final approval by the Commission.
15. The objective of the rate proceedings for generation assets is to ensure that power production costs are competitive. This requires a careful examination of the acquisition and/ or construction costs, the financing costs and the anticipated operational costs over the asset's lifecycle. BEL intends to unbundle its generation assets into a subsidiary company. This generation subsidiary will then settle a PPA with BEL which will provide for a fixed monthly capacity charge to recover investment costs and a variable per kWh price to recover variable operational costs, subject to the Commission's approval.

16. BEL will therefore need to account to the Commission for the capital costs of the generation assets, inclusive of the plant equipment, site preparation costs, interconnection costs and other major cost components supported by purchase invoices and/or contracts and a breakdown of expected operations and maintenance costs over the assets' lifecycle. BEL will also need to specify the funding arrangements for the generation assets so that the Commission can set an appropriate rate of return that is reflective of the cost of debt and/or equity used to fund the installations.
17. The Commission reserves the right, after consideration of all the relevant facts and circumstance, to disallow any costs or part thereof relating to a licensee's generation assets which do not comply with the statutory requirements for consent, which do not comply with previous planning determinations for generation expansion, or which do not meet the requirements for prudent investments.
18. The Commission also reserves the right to approve capacity charges and other cost recovery fees for generation assets for BEL, or any subsidiary thereof, on terms and conditions applicable to any other IPP operating in the market or other conditions as deemed necessary.

IV. Commission's Further Comments on Findings related to BEL's Cash Flow Management

19. At paragraph 32 of its Initial Decision, the Commission observed that overly aggressive spending in the context of increasing cost of service contributed to BEL's present financial woes. In paragraphs 4.1.2 to 4.1.5 of BEL's comments, the company explains that between 2020 and 2025, investments of approximately \$100,100,000 were allocated to the acquisition of new and the upgrade of existing generation assets. Elsewhere, at paragraph 5.1.2 of its comments BEL stipulates that the San Pedro and West Lake GTs account for about \$80,000,000 in generation investments which leaves roughly \$20,000,000 of unaccounted generation investments.
20. BEL asserts that without these "*...unplanned and necessary generation investments to maintain system reserves, BEL's overall capital spending was prudent and not aggressive relative to historical levels, ensuring continued service to customers.*"
21. BEL interprets the Commission's observation on spending as a comment on BEL's capital intensity, that is, the relative monies spent in the 2020|2024 FTP compared to historical years going back to 2009. The Commission clarifies its present concern is with BEL's cash flow management – the high level of spending during recent years when the risk of higher-than-normal COP due to delayed generation projects was known to BEL. Notwithstanding this risk, BEL increased its operating expenses, insisted on fixing prices below its known costs, and pushed capital investments above business-as-usual even as cash resources were declining.
22. **Table 1** below, sourced from BEL's audited financial reports, shows that following the 2020 pandemic, the company had cash reserves of over seventy-six million dollars, mainly due to relatively low COP in that year as fuel prices fell in the face of low global demand. In 2021, cash from operations was just sufficient to meet capital costs and BEL paid out just over twenty-seven million in dividends and redeemed twenty-five million in debentures, normalizing cash balances to around twenty-five million in line with pre-pandemic balances.
23. Between 2022 and 2023, cash from operations declined sharply as COP steadily increased. During this time BEL was investing at rate of over seventy-million annually and needed to raise over one

hundred and forty million in long-term debt to stay solvent. In 2024, things worsened to the point that BEL seemingly had to forgo vendor payments to finance operations and investments. This explains the abnormal increase in cash from operations to over eighty-million dollars – cash that would have gone to pay suppliers was retained for investments. Still the company had to raise a net fifty-two million in additional long-term debt to keep up with spending and stay solvent. By any measure of prudence, the cash management strategy employed is concerning.

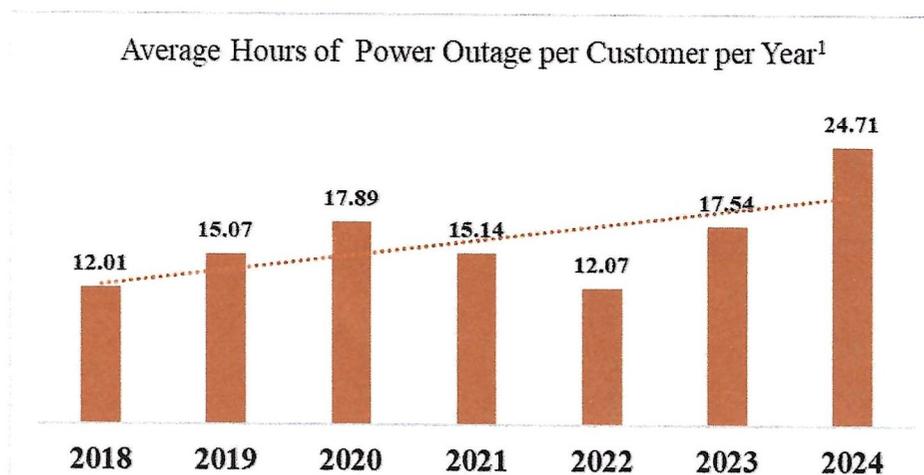
Table 1: Cash Flow Summary extracted from BEL’s Audited Financial Statements

	2018	2019	2020	2021	2022	2023	2024
Opening Balance	40,994,000	21,129,000	19,889,000	76,729,000	25,118,000	48,961,000	35,464,000
Cash from Operations	16,313,000	20,917,000	63,120,000	43,789,000	19,476,000	(6,259,000)	82,419,000
Cash Invested	(30,454,000)	(39,221,000)	(40,028,000)	(44,115,000)	(76,148,000)	(76,058,000)	(153,251,000)
Cash from Financing	(5,724,000)	17,064,000	33,748,000	(51,285,000)	80,515,000	68,820,000	52,301,000
Ending Balance	21,129,000	19,889,000	76,729,000	25,118,000	48,961,000	35,464,000	16,933,000

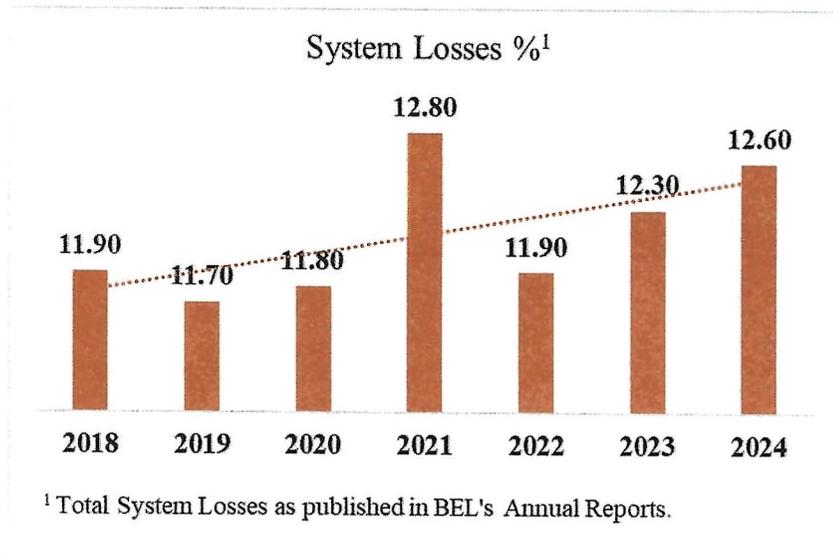
24. Approximately fifty-six million or 36% of the one hundred and fifty-three million spent in 2024 was spent on the San Pedro GT which BEL claims as “...an emergency reliability investment rather than discretionary expansion of the transmission and distribution system.” It remains to be determined whether this was the most cost-competitive and sustainable solutions available to BEL.

V. Commission’s Further Comments on Findings related to Investment Results

25. At paragraph 31 of its Initial Decision, the Commission also expressed concern regarding the results of BEL’s intense capital spending. At paragraph 4.1.3 of BEL’s comments, the company claims it has spent over one-hundred and forty million on system reliability, safety and loss reduction investments between 2020 and 2025. That’s twenty-three million a year on average but the trends in power outages as a measure of system reliability, and percentage system losses as a measure of loss reduction, do not show any appreciable improvements in performance for those metrics.



¹ Excludes power outages due to generation failures, vandalism, and hurricanes as published in BEL's Annual Reports.



26. Incorporating performance metrics into the rate setting process with the revised tariff regulations will provide a transparent framework to incentive investments that produce impactful benefits to ratepayers and consumers.

VI. Commission's Further Comments on Findings related to COP Overheads

27. At paragraph 6.2.3 of its response, BEL requests guidance on how COP overheads is distinguished from operating expenses (OPEX) and asks for a *"justified benchmark approach, in place of a fixed cap, that is in line with prudently incurred generation-support costs."* This is a misinterpretation of the Commission's comments at paragraphs 11 and 17 of its Initial Decision.
28. The COP is the direct cost of energy purchases and production provided for in the capacity and energy charges agreed between BEL as Single Buyer and the IPPs. In contrast, BEL's COP overheads, like other general and administrative expenses, are OPEX. The Commission fixes annual sums for OPEX to encourage efficiency as is best practice in most jurisdictions. The cap on COP overheads was determined by doubling the historical average at the time and setting that benchmark as an upper limit of the allowance. Strong justification is required for recovery of any expenses above this limit as these overheads are incidental expenses, that is, they are small, unplanned miscellaneous expenses.
29. Interest on late power purchase payments as a COP overhead is also subject to heightened scrutiny. Typically, late payment interest arises as a consequence of cash flow constraints external to the company and/or inefficient cash management internal to the company. In the case of the latter, where a company delays IPP payments to retain cash for other purposes thereby attracting interest, this may be seen as a form of debt financing that is already provided for in the approved rate of return and therefore not recoverable as a separate line item in the Tariff Basket Revenue.


DEAN MOLINA
 Chairman
 Public Utilities 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, Revised Edition 2020, 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:

AMENDMENT TO BELIZE ELECTRICITY LIMITED 2025 ANNUAL REVIEW PROCEEDING FINAL DECISION

**Decisions
and
Order.**

2. In respect of the Final Decision for the Belize Electricity Limited 2025 Annual Review Proceeding (“ARP”) for the determination of Regulated Values, Mean Electricity Rates, Tariffs, Fees and Charges for the Annual Tariff Period (“ATP”) of July 1, 2025 to June 30, 2026, the Commission hereby makes the following Decisions and Order:

- (a) The Commission hereby approves the Tariffs contained in the amended Schedule 6A, as attached hereto, for the period January 1, 2026 to June 30, 2026 to give effect to the increased MER and orders BEL to levy the said Tariffs in respect of the relevant services it is licensed to provide;
- (b) The Commission approves no adjustments to any other previously approved Regulated Values, Charges and Fees contained in the Final Decision of FTRP 2024 and hereby ORDERS BEL to continue to levy the said previously approved Charges and Fees in respect of the relevant electricity services it is licensed to provide.
- (c) The Commission hereby orders BEL to initiate Consent Proceedings pursuant to section 51 and 52 of the Electricity Act and in accordance with Licensing and Consent Regulations for its Westlake and San Pedro Gas Turbines and include therein its proposal, with supporting documents, for capacity charges for the Commission’s review and decision. BEL is ordered to file for consent on or before the filing of the subsequent Annual Review Proceeding.

MADE by the Public Utilities Commission this 30th day of December, 2025.


(DEAN MOLINA)
Chairman, Public Utilities Commission

Schedule 6A
Belize Electricity Limited (BEL)
Approved Tariffs for Full Tariff Period (FTP) - January 1, 2026, to June 30, 2026

Customer Class	Service Type/ Consumption Block	Rate/Tariff \$/Mth; \$/KVA; \$/KWhr
Social	0 - 60 KWhrs Minimum Charge	0.22 5.00
Residential	0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge	0.34 0.42 0.46 10.00
Commercial 1	0 - 50 KWhrs 51 - 200 KWhrs > 200 KWhrs Minimum Charge	0.34 0.42 0.47 10.00
Commercial 2	Service Charge 0-10,000 KWhrs 10,001-20,000 KWhrs > 20,000 KWhrs	150.00 0.47 0.44 0.41
Industrial 1	Service Charge Demand (KVA) Energy	250.00 35.82 0.30
Industrial 2	Service Charge Demand (KVA) Energy	250.00 23.00 0.32
Street Lights	Energy	0.45