



PUBLIC UTILITIES COMMISSION

INITIAL DECISION

(2025 ANNUAL REVIEW PROCEEDING AMENDMENT)

for

Belize Electricity Limited

11 December 2025

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

11 December 2025

I. BACKGROUND

1. In its *BEL ARP 2025 Final Decision*, the Public Utilities Commission (the “Commission” or “PUC”) re-affirmed the Mean Electricity Rate (“MER”) of \$0.4090/kWh for the period July 1, 2024 through to June 30, 2028. The approved MER provides for the recovery of the Reference Cost of Power (“RCOP”) and the cost of delivery and other approved costs, commonly referred to as the Value-Added of Delivery (“VAD”). **Table 1** sets out the approved MER, comprised of unit RCOP and unit VAD, for each Annual Tariff Period (“ATP”) in the Full Tariff Period (“FTP”) currently subject to this proceeding.

Table 1: Approved Per kWh RCOP, VAD and MER

Period	Unit RCOP	+ Unit VAD	= MER
1 Jul 2023 to 30 Jun 2024	0.2442	0.1582	0.4024
1 Jul 2024 to 30 Jun 2025	0.2723	0.1446	0.4169
1 Jul 2025 to 30 Jun 2026	0.2696	0.1395	0.4091
1 Jul 2026 to 30 Jun 2027	0.2690	0.1404	0.4094
1 Jul 2027 to 30 Jun 2028	0.2580	0.1438	0.4018
1 Jul 2024 to 30 Jun 2028	0.2669	0.1421	0.4090

2. The Electricity (Tariffs, Fees and Charges) Byelaws S.I. 145 of 2005, as amended (the “Byelaws”), at section 33 (2), provides for the final decision in an Annual Review Proceeding (“ARP”) to “...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.”
3. Section 33 (3) of the Byelaws stipulates that any amendments to the final decision in an ARP made pursuant to the Byelaws shall be read and construed as one with the final decision.
4. On November 27, 2025, Belize Electricity Limited (“BEL”) submitted an application pursuant to the Byelaws seeking an amendment to the *BEL ARP 2025 Final Decision* (the “Amendment Submission”). BEL claims material variances between the Reference Cost of Power and actual Cost of Power (“COP”) which increases the MER by \$0.0555/kWh and therefore requests corresponding increases to the approved tariffs with effect from January 1, 2026 to recover said variances.
5. On December 5, 2025, BEL requested the Commission’s approval to amend its submission to correct for omissions in their COP claim and mistakes in their monthly energy sold report and forecast. Summarily, BEL wanted to increase its COP claim in its original submission by \$15,629,748 to account for “...the financing costs of the investments made by BEL in the Westlake and San Pedro Gas Turbines and the Caye Caulker Power Plant into the capacity charge component

of the Cost of Power”. The Licensee does not provide any of evidentiary support for these costs or rationale as required for rate setting proceedings; instead, BEL advises that it would “...be pleased to provide any supplementary documentation or supporting materials the Commission may require in its consideration of this request.”

6. BEL also indicated that it needed to correct errors identified “...concerning the MWh Sold values for the period July 2023 to June 2024”. On inspection, the revised submission increases BEL sales figures over the review period by 67.51 GWH to correct for misstatements in actual sales and to increase BEL sales outlook going forward.
7. The net effect of these changes to COP and energy sold is that BEL’s requested increase to MER reduced marginally to \$0.0549/kWh. In the interest of fairness to the Licensee, the Commission allowed the revised submission as the basis for its review and analysis.
8. **Table 2** below summarizes BEL’s revised Amendment Submission which includes BEL’s claim for the recovery of COP actually incurred between July 1, 2023 and October 31, 2025 and its updated forecast for RCOP expected to be incurred between 1 November 2025 and 30 June 2026.
9. As at end June 2026, BEL expects to have incurred a material shortfall in revenues due to excess COP approximating \$107,520,134 which the Licensee requests to recover over future sales during the remainder of the FTP by increasing the MER by \$0.0549/kWh to \$0.4639/kWh from the current MER of \$0.4090/kWh (equal to 13.43% increase).

Table 2: Summary of BEL’s Revised Amendment Submission

Period	BEL COP \$	KWH Sold	Unit RCOP \$	RCOP \$	Variance (COP - RCOP) \$
1 Jul 2023 to 31 Dec 2023	99,042,580	348,817,057	0.2442	85,181,125	13,861,455
1 Jan 2024 to 30 Jun 2024	132,009,938	341,654,627	0.2442	83,432,060	48,577,878
1 Jul 2024 to 31 Dec 2024	85,520,572	363,574,542	0.2723	99,001,348	(13,480,776)
1 Jan 2025 to 30 Jun 2025	115,165,517	343,782,696	0.2723	93,612,028	21,553,489
1 Jul 2025 to 31 Oct 2025	84,032,024	260,126,829	0.2696	70,130,193	13,901,830
1 Nov 2025 to 30 Jun 2026	152,138,866	478,607,599	0.2696	129,032,609	23,106,257
Totals	667,909,496	2,136,563,349		560,389,363	107,520,134
				Shortfall	107,520,134
				Corrections b/f	(23,382,124)
				Adj. Shortfall	84,138,010
				÷ Future Sales ¹	1,531,676,376
				MER Adjustment	+ 0.0549

¹ Forecasted sales in kWh from January 2026 to December 2027

II. ISSUES BEFORE THE COMMISSION

The Commission, in reviewing the Amendment Submission, contemplated the following questions with reference to the statutory requirements for ARP amendments:

- Question 1** Does BEL sufficiently demonstrate that it incurred a materially higher COP over the relevant review period compared to what was provided for in the MER and associated electricity tariffs in the final decision of ARP 2025?
- Question 2** Does BEL sufficiently demonstrate that it is more than likely to continue to incur COP materially higher than what is provided for in the current MER and associated tariffs through to the end of the current ATP?
- Question 3** Whether, in all circumstances, the COP incurred and claimed by BEL represents the reasonable costs of providing service when operating in a manner compatible with international standards of an efficiently operated power system of similar characteristics to that of Belize?

10. In answering **Question 1**, the Commission must have regard for the statutory scope of expenses that may constitute COP as given in the Byelaws which define COP as “...the cost of power purchased in accordance with the terms and conditions of any power purchase agreement approved by the Commission together with the variable and fixed operating costs of generation production of the licensee.”
11. Importantly, BEL records certain COP associated expenses such as professional fees for Power Purchase Agreement negotiations and other professional support as well as select generation staff and ancillary costs as part of COP under the cost centre “overheads”. At a point in the past, BEL also recorded interest charged on late payments for power purchase invoices under overheads. These incidental costs fall outside the definition of COP and are properly classified as Operating Expenses (“OPEX”) which are otherwise separately provided for in the rates as a sub-component of the VAD. The recovery of these costs is therefore at the discretion of the Commission as extraordinary OPEX and will often give rise to variances between the COP claimed by BEL and what the Commission assesses as COP recoverable in the rates.
12. The Commission reviewed BEL’s submission, including all invoices for power purchased from Independent Power Producers as well as BEL’s record of expenses for the power production plants it owns and operates over the period July 1, 2023 through to October 31, 2025. The Commission’s assessment of BEL’s COP actuals for the review period is presented in **Table 3** below.

Table 3: BEL's Assessed COP

Month	BEL COP \$	Assessed COPS	Variance
Jul-23	20,563,765	20,524,937	(38,828)
Aug-23	17,661,870	17,651,852	(10,017)
Sept-23	17,886,592	17,882,337	(4,254)
Oct-23	19,620,401	19,890,548	270,146
Nov-23	12,515,569	12,561,717	46,148
Dec-23	10,794,383	10,802,261	7,878
Jan-24	13,211,412	13,114,987	(96,426)
Feb-24	10,565,300	10,553,307	(11,993)
Mar-24	19,707,837	19,598,917	(108,921)
Apr-24	20,100,467	20,028,627	(71,840)
May-24	34,082,957	34,034,257	(48,700)
Jun-24	34,341,965	33,803,357	(538,608)
Jul-24	19,314,082	18,715,677	(598,406)
Aug-24	15,436,251	14,767,057	(669,194)
Sept-24	15,988,318	15,148,887	(839,431)
Oct-24	12,995,067	12,242,827	(752,240)
Nov-24	11,219,522	10,710,537	(508,985)
Dec-24	10,567,332	9,331,187	(1,236,145)
Jan-25	14,007,686	13,450,883	(556,803)
Feb-25	15,459,848	14,687,844	(772,004)
Mar-25	17,856,194	16,876,152	(980,042)
Apr-25	18,722,894	17,614,199	(1,108,695)
May-25	27,292,144	26,319,875	(972,269)
Jun-25	21,826,750	20,763,764	(1,062,986)
Jul-25	21,843,632	20,871,895	(971,737)
Aug-25	22,425,128	21,065,739	(1,359,389)
Sept-25	18,711,753	17,868,316	(843,437)
Oct-25	21,051,510	20,243,762	(807,748)
	515,770,630	501,125,702	(14,644,928)

13. The Commission reduced BEL's COP claim by \$14,644,928 being the net of an increase of \$624,783 in costs for IPP invoices and a decrease of \$15,269,711 in BEL-own generation costs and overheads. The positive variance in IPP invoices is due to the Commission's approach in converting USD denominated contracts to BZD, adopting a standard conversion rate of 2.0525 BZD per 1 USD to account for bank charges and fees. **Table 4** below summarizes the adjustments.

Table 4: Summary of COP Reductions

Jul 2023 to Oct 2025	IPP Invoices	BEL Generation	COP Overheads	Totals
BEL Claimed Costs	421,166,402	88,562,263	6,041,965	515,770,630
PUC Assessed Costs	421,791,185	77,117,851	2,216,667	501,125,702
Variances	624,783	(11,444,413)	(3,825,298)	(14,644,928)

14. BEL generation costs include capacity charges for the recovery of capital and operating costs associated with the generation facilities owned and operated by BEL, specifically, the Caye Caulker mobile units, the Westlake Gas Turbine, and the San Pedro Gas Turbine (GT). Significantly, the Westlake GT has recently been upgraded and the San Pedro GT is a recent acquisition together representing upwards of eighty million in new investment.
15. BEL has failed to file for Consent Proceedings pursuant to section 52 and 53 of the Electricity Act which is a pre-requisite to enable the Commission to review and authorize those investments in generation services for cost recovery in the rate base and electricity tariffs. Notwithstanding this fact, BEL claims capacity charges for both gas turbines well in excess of what it has previously recorded in its monthly submissions to the Commission.
16. Absent of the Consent Proceedings and given BEL’s failure to provide the necessary information for the Commission to determine the appropriate capacity charges for the two facilities, the Commission adopted BEL’s capacity charges as recorded in its monthly COP reports for the period July 1, 2023 to October 31, 2025. Also, for the period November 1, 2025 to June 30, 2026 the Commission used the median of those historic costs in BEL’s monthly reports to forecast the capacity charges. These adjustment accounts for the \$11,444,413 reduction applied to BEL’s generation costs by the Commission in its assessment (see Table 4 above).
17. Furthermore, the Commission, in its *BEL 2023 ARP Final Decision*, at Section 2.4(x), ordered BEL “...that with immediate effect, all charges applied to COP Overheads must be supported by invoices even when such expenditure falls within the range of the cap of \$950,000 set by the Commission.” This decision reaffirmed a previous ruling of the Commission instituting an annual cap for COP overheads per ATP and holding the Company accountable for overhead charges up to the prescribed limit. Notwithstanding the Order, BEL exceeded the approved limits and failed to substantiate the additional costs, consequently, the Commission excluded all overhead costs in excess of \$950,000 per ATP.
18. After its adjustments, the Commission estimates the recoverable COP between July 1 2023 and October 31, 2025 to be \$501,125,702. The RCOP for that same period was \$431,356,754 giving rise to a variance of \$69,768,948 which is a material variance for the year-to-date cost of power over the year-to-date RCOP.

Question 2 Considerations

19. In answering **Question 2**, the Commission carefully considered BEL’s forecasted demand and the continuing generation constraints through to the end of the current ATP. The Commission is satisfied, having modelled the likely generation sources and prices, that COP will remain higher

than the currently approved RCOP and, without adjustments to the RCOP, the corrections balance may increase by a further \$18,872,716 by June 30, 2026 as presented in **Table 5** below.

20. Cumulatively, COP for the period July 1, 2023 through to June 30, 2026 approximates \$649,031,027. The RCOP for that same period is calculated as \$560,386,132. This variance between the COP and RCOP then is \$88,644,896 which is by any and all accounts a material variance.
21. As indicated by BEL, the Commission had, in *BEL FTRP Final Decision Order 2024*, provisionally approved corrections of \$23,382,124 for the period July 1, 2023 to June 30, 2024 and, as this sum is already provided for in the MER, it may be brought forward to reduce the preliminary corrections balance from \$88,644,896 to \$65,262,772.
22. Balancing the Licensee’s need for higher cash inflows against ratepayers need for affordability and price stability, the Commission has determined to spread the \$65,262,772 through to the end of the FTP in June 2028 instead of December 2027 as requested by BEL. **Table 5** shows the resulting MER increase of \$0.0337/kWh following this assessment.

Table 5: PUC’s Determination to Amend the Mean Electricity Rate

Period	PUC COP \$	KWH Sold	Unit RCOP \$	RCOP \$	Variance (COP - RCOP) \$
1 Jul 2023 to 31 Dec 2023	99,313,653	348,815,650	0.2442	85,180,782	14,132,871
1 Jan 2024 to 30 Jun 2024	131,133,450	341,654,627	0.2442	83,432,060	47,701,390
1 Jul 2024 to 31 Dec 2024	80,916,170	363,574,191	0.2723	99,001,252	(18,085,082)
1 Jan 2025 to 30 Jun 2025	109,712,717	343,782,329	0.2723	93,611,928	16,100,789
1 Jul 2025 to 31 Oct 2025	80,049,712	260,116,845	0.2696	70,127,501	9,922,211
1 Nov 2025 to 30 Jun 2026	147,905,325	478,607,599	0.2696	129,032,609	18,872,716
Totals	649,031,027	2,136,551,240		560,386,132	88,644,896
				Shortfall	88,644,896
				Corrections b/f	(23,382,124)
				Adj. Shortfall	65,262,772
				÷ Future Sales ¹	1,936,404,096
				MER Adjustment	+ 0.0337

¹ Forecasted sales in kWh from January 2026 to June 2028

Question 3 Considerations

23. Finally, the Commission turned to **Question 3**, to consider the reasonableness of the COP incurred by BEL. Generally, 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. Save and except for the issues identified and addressed in answering Question 2 above, the Commission was satisfied that the dispatching results over the review period were the most economic that could have been achieved under the circumstances.
24. Notwithstanding its assessment of the reasonableness of COP, the Commission remains gravely concerned by the manner in which BEL has managed its financial resources during the emergent energy supply crisis such as the procurement of the 21 MW Gas Turbine currently deployed in San Pedro, Ambergris Caye (the “**San Pedro GT**”).

25. In September 2023, BEL wrote to the PUC advising that it would purchase the San Pedro GT at a cost of approximately thirty million. The preface of the purchase was that the anticipated shortage of in-country supply necessitated it as a short-term solution for the period March to May 2024 and that its placement in San Pedro would ease the strain on the San Pedro submarine cable which was approaching its capacity limits and estimated useful life. In reality, the San Pedro GT was not fully online until late 2024 after the peak period.
26. In its submission, BEL claimed total investment costs of \$56,144,994 for the San Pedro GT; this unplanned investment significantly depleted BEL's available cash flow and constrained BEL's ability to pay its supplier and creditors.
27. Coupled with the unplanned purchase of the San Pedro GT in 2024, the Company faced unprecedented COP, particularly in the months of May and June 2024. In these two months alone, BEL spent \$68,424,922 in COP, amounting to an average monthly spend of \$ 34,212,461, which is more than double the historical expenditure within that FTP, and since then leading up to October 2025. This anomaly, adequately explained by multiple factors outside BEL's control, further eroded BEL's cash position.
28. In spite of the clear trajectory towards the liquidity crisis in which BEL now finds itself, there is little evidence of strong cost containment measures having been put in place. The Company continued with its accelerated investment program, doubling its historic capital spending from an average of thirty-five million to seventy million per year.
29. Furthermore, even as the COP gradually rose, BEL insisted on maintaining the tariffs at successive review proceedings, including most recently during the 2025 ARP despite having a need for the additional cash flows. It is doubtful that this strategy would be seen as compatible with international standards and management practices employed in an efficiently operated power system elsewhere.
30. These matters are relevant to this proceeding and merit comment as BEL's investment decisions have potentially increased the overall cost of power by reducing cash available for COP payments attracting payables interest and other short-term financing costs that could have been mitigated or avoided altogether with better cost and cash management.
31. Furthermore, there is not strong evidence of the effectiveness of the high-level of investments as by BEL's FTRP submission and monthly reports do not show appreciable improvements in its Key Performance Indicators (KPIs). In particular, system losses have been creeping up noticeably. In fairness to BEL, this may be the time lag between investment and results but it is incumbent on the Commission to hold licensees to account for improvements promised by way of approved investments by integrating KPIs into the rate setting process. BEL has welcomed this sort of performance-based regulation which should be realized when the revised tariff regulations are promulgated.
32. BEL emphatically asserts in its submission that **"...the failure of the approved rates to allow for the recovery of actual COP since July 2023 now threatens the financial stability of BEL."**

It is the Commission's considered view that BEL's financial stability is under threat due to a combination of overly aggressive spending in the context of increasing cost of service.

33. Going forward, BEL must scrutinize its capital and operating costs to ensure it is providing the best value to ratepayers at least cost. Financial stability and improving its creditworthiness by gradually reducing its accounts payable to its Independent Power Producers and other vendors is a first priority and the expected use of the additional revenues generated from this rate increase.

III. THE COMMISSION'S DETERMINATIONS

34. The Commission's analysis shows variance of \$65,262,772 between the period January 1, 2026 to June 30, 2028, thereby increasing the MER by \$0.0337 to \$0.4427/kWh from the prevailing MER of \$0.4090/kWh
35. The Commission, in approving the increase to the MER, also approves corresponding increases to the electricity tariffs used in customer billing and amends by Order attached *Schedule 6 of BEL ARP 2025 Final Decision*.
36. The Commission determines that the additional revenues from the rate increase should be prioritized for payment of outstanding balances to IPPs. This will help to avoid excess interest or penalties for late payments and mitigate against the trickle-down effects of late payments adversely impacting the cash flows of other critical operators in the electricity market.
37. The Commission finds BEL submission for the recovery of capital costs and associated operating and maintenance expenses for the upgraded Westlake GT and the temporary San Pedro GT to be improperly submitted on the basis that such submissions are the subject of separate and distinct proceedings, and further because BEL did not submit any support for its capacity charge and operational costs.
38. Notwithstanding the foregoing, and in the interest of fairness to BEL, the Commission has included provisional capacity charges for the Westlake GT and San Pedro GT as recorded by BEL in its monthly COP reports for the period July 1, 2023 through to October 31, 2025 and amounts equal to the median of those values for the respective facilities through to June 30, 2026.
39. BEL is required to file, on or before the upcoming ARP, a cost-based price proposal for its generation facilities inclusive of purchase invoices and contracts in support of same. The licensee is expected to file for Consent under the Licensing and Consent Regulations before, or in tandem with, its application for cost recovery through capacity charges or its generation facilities.


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 an increase of \$0.0337 to the Mean Electricity Rate (“MER”) as approved in the **BELIZE ELECTRICITY LIMITED 2025 ANNUAL REVIEW PROCEEDING FINAL DECISION** to account for material variances in the Cost of Power over the period July 1, 2023 to June 30, 2026;
- (b)** 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;
- (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 11th 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