

# BEL and PUC both confirm 15-year extension for hydro agreement

by Adele Ramos

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Following *Amandala's* article titled, "BEL PROMISES LOWER ELECTRICITY RATES WITH CHALILLO: PUC approves new BEL/BECOL power purchase agreement," published in last week's issue, both the Belize Electric Company Limited (BECOL) and Public Utilities Commission (PUC) on Monday confirmed that indeed a 15-year extension was granted for the power purchase agreement for the Mollejón hydro under the Third Master Agreement, signed last November, 2001.

The introductory sections of the agreement stated that the ownership of the facility transfers to Government on April 31, 2036. However, the PUC has noted that there is also an extension clause on page 13 of the Third Master Agreement, which indicates that the 15-

year extension was granted, which would take the agreement into March, 2051.

Lynn Young, Belize Electricity Limited's CEO, one of the signatories on the agreement, told *Amandala* this evening, Tuesday, that the 15-year extension enables Fortis, BECOL and BEL's parent company, to lease the Mollejón plant from Government once the ownership changes hands in 2036.

Government stands to earn BZ\$1 million during the first year, and an additional \$200,000 each year afterwards for the 15-year period, Young said.

He also stated that the Chalillo agreement covers a 50-year span, from 2001 to 2051, and, because the two projects are to function together as one unit, it was necessary to bring the Mollejón project under a similar 50-year agreement. The 50-year commitment

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was needed to secure financing to construct the new 8MW Chalillo Dam, maintains BEL; however, the company has also said that the 15-year lease clause does not cover Chalillo.

Hydro-projects take 30 to 50 years to pay back for themselves, Young asserted.

Government could have opted to have the facilities returned to it at the end of the agreement date, or to drop rates

dramatically after the hydro investment project pays back for itself, Young said.

He noted that this is the reason why electricity rates are so much cheaper in places like Canada, because investors have already made good on their initial investments, and so can afford to take down the rates.

BEL should be issuing a tender for the dam's construction sometime in February.