

BEL: build Chalillo or bust!

by Adele Ramos

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In an interview with Amandala this evening, Lynn Young, Chief Executive Officer of the Belize Electricity Limited (BEL), said that if Belize does not proceed with building Chalillo and exploring other alternatives for sustainable energy generation, the cost of electricity to consumers would have to go up.

During the last financial year, January to December 2001, the cost of power bought from Mexico and produced locally using diesel generators, increased by \$4.6 million due to rising fuel prices according to the company's 2000 annual report.

These costs would have eventually translated into increased electricity rates, but Government on April 5, 2001, approved a statutory instrument (SI No. 60 on electricity tariffs, charges and by-laws) to "buffer the impacts of volatile international fuel prices and provide for stable and predictable rates in Belize." The new legislation limits the average rate to consumers at \$0.355 per kwh until 2002, but it allows BEL to start recovering one-third of the \$4.6 million

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from customers as early as July 1, 2001.

Presently, the social rate (to customers who use less than 50 kwh) is \$0.21; the residential rates are \$0.31 to \$0.34; the commercial rates are \$0.35 and \$0.37, and the street light rate is \$0.40. Young explained that it is possible for them to adjust rates in any of these categories and still keep the overall average of \$0.355 per kwh. He further stated that any such change would have to be approved by the Government before implementation.

No rate changes have been effected yet for 2001. Last year, rates to commercial customers were lowered and in 1999 residential customers saw their most recent rate reduction. While rates may still go up within the next year, it is evident that no rate reduction is forthcoming until Chalillo is built.

In a meeting late this evening with Dr. Gilbert Canton, Chairman of the Public Utilities Commission, BEL informally agreed to defer any rate increase for the remainder of this year. Young explained that BEL had already committed to reduce electricity rates by 1 cent per kwh each year. He said that this "theoretical reduction" would be used to offset recovery charges that customers would be required to pay.

"The net effect is zero," Young claimed.

Young told Osmany Salas, Executive

Director of the Belize Audubon Society, in an interview on February 21, 2001, that building Chalillo would reduce the cost of energy generation by 10%. Young said that BEL has agreed with Government to defer the excess power costs until Chalillo is implemented.

"Chalillo is a big part of our strategy to help us get our rates down," he claimed.

Despite this apparent fix, there are long-term sustainability issues that must be addressed. Young affirmed that building Chalillo alone would not meet Belize's future energy needs. Added to that, MSN NBC International News dated July 4, 2001 stated that, "Mexico [which provides BEL with 25 MW annually] could face electricity blackouts as early as 2004 if it does not drastically expand its grid."

Belize needs to press forward to greater sustainability of electricity production and supply. There is pressure on BEL and the Government of Belize to seek other ways of meeting our electricity needs in a prudent manner. There have been negotiations towards utilizing locally available alternative sources of energy within a firm policy framework that seeks the interest of Belizeans and consumers first.

We will have a more extensive look at the bigger electricity picture in next week's edition of the *Amandala*.