

BELIZE AUDUBON SOCIETY INTERVIEWS LYNN YOUNG, CEO OF BELIZE ELECTRICITY LIMITED.

(Adopted from BAS Newsletter Vol. 33 No. 1 (April 2001) Osmany Salas, BAS Executive Director, interviewed Lynn Young, Chief Executive Officer of the Belize Electricity Limited.)

BAS: *How does Chalillo build into BEL's strategy - your commitment to reduce the electricity rates?*

BEL: The original estimate was between 24 and 28 million US dollars. Even at 30 million dollars (US) the economics makes sense. So we feel pretty comfortable with the economics. Mexican rates are averaging between \$0.06 and \$0.08 US per kilowatt-hour. This is because we have Mollejon. If we did not have Mollejon, the Mexican rates would be higher because we would have to buy peak rates. The Mexican peak rate is US \$0.21. As the demand increases, we will have to buy more power at peak rates from Mexico. However, with Chalillo, we could continue buying only off-peak power. The present diesel price is US\$0.095 and we estimate that Chalillo will be producing power at US\$0.05 - US\$0.06. Most of the Caribbean countries have higher rates than we do, because they are dependent on imported oil. For example, Grand Cayman is \$0.25 US per kilowatt-hour. The countries that produce oil (Mexico, Trinidad etc.) and those with substantial hydropower resources (Honduras, Costa Rica, etc.) have the lowest rates. You make a big investment to build a hydropower plant, and after you pay off the loans, it's only minimal

maintenance. There are no fuel costs.

We never anticipated that fuel prices would more than double in a year. We have not increased rates, even though our costs have gone up significantly. What saves us is that we have minimized diesel use. Diesel is only about 5% of our mix. That is how we have been able to absorb those costs. We have given two reductions in rates over the last few years, and we are committed to keeping them going down. In 2000, we gave a reduction to commercial customers, and the year before, we gave a reduction to small customers. In 1998, we introduced the social rate; we reduced the rate for 11,000 customers. We agreed with government to do another reduction when Chalillo comes on line. Chalillo is a big part of our strategy to help us get the rates down. If we don't get Chalillo, we may have to increase rates because of fuel prices. In addition to that, we also have a goal of trying to get a certain amount of self-sufficiency in the country.

BAS: *Address the claims that are being made with regard to Chalillo causing the price of electricity to increase.*

BEL: Local Belizeans are more concerned with the cost of power than environmental issues. So the lobbyists started attacking it from that angle, saying to the public that this will cause the price to go up, a kind of scare tactic to try and get public opinion on their side.

BAS: *Is the Mexico supply still secure?*

BEL: We are a little bit nervous about

it, but we think it is secure, at least in the near term. We have a contract with eight more years left. By then we should have enough in-country generation. Right now, with 25 megawatts from Mollejon and 20 megawatts from our diesel plants, we can just about provide power for the entire country any time, except during the dry season. If we lose the Mexican supply during the dry season, we are in trouble. Once Chalillo is finished, that will no longer be a problem.

BAS: *From BEL's perspective, explain the major benefit of hydropower as opposed to co-generation.*

BEL: Hydropower projects are a truly renewable source of energy because they make use of the available natural sources of energy, but co-generation relies on a mixture of renewable energy sources and fossil fuels. The BSI co-generation project is a good one because it will reduce environmental waste from the sugar industry. But co-generation projects that utilize waste or biomass require large land spaces to store sources of energy and have their own unique environmental problems, such as emissions and wastewater disposal. It is not wildlife, so the advocates going against hydropower might be glad for the co-generation. One of the challenges is that co-generation uses byproducts from another industry. It is seasonal and ultimately depends on the economic viability of the main industry. We spoke to BSI about the risk of the industry and

came to the agreement that they will have to be the one to build the plant. We can guarantee that we will buy the power from them, but we cannot invest in a plant, unless we are sure that we will be able to provide the power. They have agreed in principle, but they haven't moved on it yet. But they have told us that they need this for survival of their industry.

BAS: *Are you still considering other options for the future other than co-generation and hydropower?*

BEL: We have signed a letter of intent with a couple of companies to look at the possibilities of wind generation. The problem is that you cannot depend on it. If the wind is not blowing, it just is not blowing. There is no technology today that allows storage of wind power. Wind is not like water; you cannot dam it up and wait until you are ready.

BAS: *What studies are left to complete before implementation of the Chalillo project? What is the status of the wildlife study? What are the objectives of the study?*

BEL: A decision was made to extend the wildlife study to include a more comprehensive assessment of the baseline data and to develop a comprehensive Project Management Plan. In addition, some other issues were studied further to complement the overall study. These include water quality, social study and a dam break analysis. The wildlife study is scheduled to be completed by the end of March 2001,

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and the overall study by June 2001. From what I have seen so far, I am very confident that the environmental issues can be managed. They are related to two animals, the scarlet macaws and the Morlet crocodiles. We have to find out about the macaw's breeding habits. All indications are that most of the breeding is taking place in the Raspaculo area, which is not to be affected much.

The Morlet crocodiles have been seen in the Mollejón storage area. This was from the first study. The present study is going to come up with a mitigation plan. They are studying the animals in the dam area and the wider area, making comparisons. They have already done all the work in the dam area and now they are going into the wider area so that we can have a base line to compare. They are determining the occurrences of species and counting nests in the immediate dam area that is going to be flooded and outside of the dam area so we can see for ourselves what will be the impact.

So far there have been a lot of guessing. So far we have defined these two species that are in the area. Some people are saying that if you do the dam you will wipe out those species. The fact that you find the species in the area does not mean that you will wipe out those species if you build the dam. If that area is the only area where the species exist and nest in Belize, then we have a problem. But that is very unlikely,

because the area floods regularly. All these results will feed into the EIA.

BAS: *How would you say that the current national and international pressures and lobbying against this scheme are affecting you?*

BEL: Although the lobbyists are powerful and seem to be well financed, events in California have opened eyes internationally. California has not been able to build a power plant in the last ten years because of lobbyists, and now the state is in a crisis. The answer is not to stop from building power plants. The answer is to do it in a responsible manner. We have received a lot of support both locally and abroad from people who believe that the lobbyists are going overboard. The national efforts have been totally ineffective. We do regular surveys and 80% of the people are in favor of the project on the condition that it is going to reduce their costs. Every time we checked we found that those opposing were foreigners who are living here.