

Controversy in Mexico over contract between BEL and CFE

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A Mexican senator, Eduardo Ovando Martínez, according to Mexican newspaper *Novedades* of March 5, 2002, is calling for the revision of the contract between Mexico's Federal Commission of Electricity (CFE) and the Belize Electricity Limited (BEL).

Currently Belize gets 25 MW of power from CFE. Martínez argued that BEL is selling Belizeans power for three times the purchase price. BEL is charged with purchasing power from Mexico for US\$0.06 cents, and selling it to clients for US\$0.174. Martínez is claiming that the Fortis-owned Canadian company is benefiting more than the Belizean consumers.

"The federal legislator formulated a request to the Director-General of the CFE, Alfred Elias Ayub, for the situation to be considered," said the *Novedades* report.

BEL's CEO Lynn Young told *Amandala* today that the National Resource Defense Council (NDRC) of the USA, which backs BACONGO in its anti-Chalillo campaign, is the one behind the controversy. Young said that he has been in contact with the CFE and that *"nobody is really taking him [Martínez] seriously."*

He said that currently the CFE-BEL contract is not up for revision, and will not likely be revised before the redrafting date of 2008, *"unless both parties agree."*

Young said that the rate BEL pays for Mexico power fluctuates between US\$0.05 and US\$0.075.

The contract was initiated in 1991, and expires in 2012.

Young explained that purchase from Mexico is important at this point because we are now in the dry season, and Mollejón is not producing at its best. Ordinarily, most of the Mexican power is used during off-peak hours. With lower outputs from Mollejón, BEL is now taking more peak power from Mexico, which is more expensive than off-peak power.

Mexico supplies over 60% of Belize's energy needs. Belize's energy needs are expected to double to over 80 MW by 2012. In the meantime, national energy demand is reportedly growing at an average rate of 10 to 12% every year,

interested in selling power to the company. Young said that so far 16 entities have expressed interest, but there have been no official filings.

Young said that meanwhile work continues towards the implementation of the 8 MW Chalillo hydroelectric project, which the company argues will help increase the security of power supply. He said that Fortis Inc. is prepared to finance the project.

Present work is limited to the development of detailed engineering designs and the finalization of surveys, Young claimed.

"We're going ahead with the project," he asserted, while confirming that the Environmental Compliance Plan has not yet been finalized.