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# We will pay more for juice

BELIZE CITY, Thurs. Sept. 8

On April 19, 1991, the Belize Electric Company Limited (BECOL) and the Government of Belize signed two agreements: a franchise agreement, and a power purchase agreement. It was thought then that the signings signalled the dawn of a new era unprecedented in the nation's history: an era of abundant, cheap, sustainable electricity. Today, almost four and a half years later, Belizeans are almost frightened as they contemplate a future dependent on foreign concerns for their electrical supply.

This week the Belize Electricity Limited (BEL), the national power monopoly utility, announced that, as part of their "Second Power Development Project," they have contracted an American consulting firm to undertake a cost of service and tariff study. Under the Second Power Development Project, BEL plans to up a 115 kilowatt transmission line the Mexican border to Belize City, to be linked with the hydrotransmission line, thus ensuring that the majority of their customers have access to a reliable supply of power. The tariff study will enable BEL to set up a new pricing scheme, ensuring that the cost of service will be recovered. For most of their residential customers, this is bad news, since the early projections are that they will be paying more for electricity.

Last Friday, September 1, BEL and BECOL were to have signed a commissioning agreement, underlining BEL's acceptance of BECOL's ability to provide the nation with 20 megawatts of electricity from the Mollejon Hydroelectric plant, but this was delayed because the plant went off-line last week Tuesday night, after a flood of the Macal River washed away protective concrete panels and eroded the soil supporting the plant's power transformer platform. The damage has not yet been repaired, and as of press time tonight, the plant is still shut down.

*Amandala's* investigations into the convoluted agreements and secret negotiations that led to the construction and operation of the Mollejon Hydroelectric Station are not yet complete, but it is obvious that rather than giving us cheaper, more abundant and more reliable electricity, the mega-project will ensure the flight of millions of dollars in foreign exchange yearly from the nation, and will not be able to supply cheaper, more reliable electricity during the dry season.

Our investigations are suggesting that Belize got a very bad deal where the Mollejon Hydro project is concerned. The questions being asked are two-fold - technical and financial: Were the hydrological studies conducted prior to the plant's construction as complete as they should have been, that is, was the data used adequate? When, under environmental pressure, the project was scaled back from a full-fledged dam and 25 megawatt generating station to the present diversionary structure and 20 megawatt station, was another hydrological study and EAI conducted? What is the quality of the engineering and construction work done? Doesn't it suggest engineering miscalculation or sub-standard construction work that a flood could threaten the heart of the Hydro operation, the power house and transformer platform?

Secondly, why did International Energy Equities Inc. back away from the project after it was changed? What is the source of Dominion Energy Inc.'s (DEI) financing? Why was the Government of Belize so quick to agree to a deal which generally favours the producer and appears so inimical to this nation's interests? Why must we pay for energy we don't consume or are unable to use because it is not being generated? If the latest hydrological studies indicate that the plant won't be able to ever generate 120 gigawatt hours, why is this still being used as base energy calculation?

Who negotiated the "force majeure" clause under which, no matter what happens to the plant, Belizeans must keep paying BECOL for the next 40 years? Shouldn't hydro electricity cost less than energy imported from Mexico and not the other way around? If BECOL and Dominion have tax-free status in Belize, aren't we helping to "subsidize" the U.S. Treasury if BECOL includes U.S. corporate income tax (34%) in their calculations designed to recover and profit from their investment? If this is a "normal

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## Belizeans to pay more for electricity

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contract, typical of those found on projects of this type" why wasn't the "Operation and Maintenace Obligation" to the producer, included in the selling price of the energy rather than being charged as a percentage (5%) of the revenues BEL collects from its customers?

The bottomline is that the predictions are that Belizeans will end up paying more for energy in the near future, perhaps as early as March, 1996.

Earlier today, the ruling United Democratic Party staged a small demonstration in front of the Opposition People's United Party headquarters on Queen Street, and in front of the business offices of Ralph Fonseca and Said Musa on North Front Street. They conveniently did not point out that of the many agreements signed (Franchise and Power Purchase, April, 1991; Transmission and Assignment of Agreement, September, 1992; Guaranty, April, 1993; Permit to Construct, September, 1993; Master Agreement, November, 1993), they signed the most important, the Master Agreement. And this was done even after their consultants had warned them that the project was flawed, and could and should be renegotiated.