

Chalillo Dam Has "Unofficial" Go-ahead, with EIA Still Pending

By Adele Ramos

BELIZE CITY, Mon. Aug. 6

Amid ongoing controversy and debate over whether the proposed 8 megawatt Chalillo hydroelectric facility is the best electricity generation option for Belize at this time, Prime Minister Said Musa has firmly indicated his support for the project.

"We want to see it move ahead, and move ahead quickly!" Musa told *Amandala* on Thursday, August 2, when he asked him what his Government's position is on the proposed construction of Chalillo.

"The Belizean people stand to benefit," Musa said, adding that the energy sector is very volatile and that with the current rise in international fuel prices, "things could get ugly overnight."

"We have to have more energy, and with greater capacity all year round."

"If it was said that villages would be wiped out, then I would take another stand," he continued.

Musa said that on the basis of the preliminary economic and environmental studies, he supports Chalillo. When he pointed out that the Environmental Impact Assessment (EIA) for Chalillo is still about one month away from completion, according to project officials, Musa said that he anticipates that when "weighed in the balance" it will favor Chalillo.

Environmental Impact Assessment still incomplete

The first document presented by the Belize Electricity Limited (BEL) to the Department of the Environment (DOE) as an EIA was rejected, because several key elements, including a reasonable analysis of alternatives, were missing. The company is now working to finalize an EIA that should meet the standards for environmental protection indicated under Chapter 328 of the Laws of Belize.

Amandala was informed by the Department of Environment last week that when the EIA comes in from AGRAL Inc., which is reportedly being paid about a quarter-million dollars by a Canadian funding agency to conduct the EIA, it must be assessed by The National Environmental Appraisal Committee (NEAC). NEAC, now chaired by Chief Environmental Officer Ismael Fabro, should have 60 days to review the EIA.

The public also has the right to review and comment on the report, which should be made available at public libraries, the DOE and towns and villages in the immediate vicinity of the development project that would be impacted.

Under the discretion of NEAC, a decision will have to be taken to determine whether the developer, now The Belize Electric Company Limited (BECOL), sister company to BEL, has

demonstrated the ability to adequately mitigate the environmental impacts of the project.

If the EIA is disapproved for any reason, the decision could still be overruled by the Ministry of the Environment, which would appoint a tribunal at the discretion of the Minister. **Further archaeological studies needed**

George Thompson, Acting Archaeological Commissioner of the Department of Archeology, explained to *Amandala* today that a random survey of the proposed site for the dam has revealed the existence of mounds that indicate historical habitation by the ancient Maya.

Environmental protection legislation also calls for an assessment of the effects of developmental projects on the nation's material assets, including cultural heritage, also regulated under the Ancient Monuments and Antiquities Act, Chapter 330 of the Laws of Belize.

Thompson said that the onus is on the developer to conduct a more extensive assessment to determine how significant the mounds, of an undetermined number and value, are to Belize's cultural heritage. He said that such an assessment, which has not yet commenced, would take a minimum of 6 months.

The department, he said, does not

have the personnel and carry out the assessment, would have to hire archaeologists for the undertaking.

It is notable that a ruling by the Department of Archaeology excavation is needed on the project site was to have been made by June, 2001, according to a representative of the Canadian parent company BECOL and BEL. In the more extensive study, he ruling cannot be made.

Opposition to Chalillo

BECOL's public relations officer, Dawn Sampson, told *Amandala* that if the cost of Chalillo does not proceed as planned, the company may conclude that it is no longer economically feasible. There remains about 5 months before the planned implementation date; two months more required for the EIA appraisal.

Meanwhile, opponents against Chalillo have not backed down in their fight and have furthermore been lobbying for support at the international level. Much opposition has come from the Alliance for Conservation (BACONGO), which holds 12 seats on NEAC. A strong line of arguments against the dam is

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Sunday, AUGUST 19, 2001

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habitat, species and archeological sites would be lost. BACONGO also argues that the project is *not* economically viable and has been urging that other renewable energy options be looked at, including the use of bagasse.

Probe International, a Canadian, Toronto-based group which claims that it investigates the economic and environmental impact of Canadian aid and companies overseas, said in a November 21, 2000 media release: "...there is no disguising the fact that it's a rotten deal for the people and economy of Belize."

"Belize has far better, cheaper generating options than a [US] \$30 million dam that won't work half the year and would destroy wildlife habitat forever."

Fortis monopoly to be extended

Twice in Fortis' 2000 annual report, the company indicated that BECOL "sells" hydropower to BEL under a new 50-year agreement. The power purchase agreement (PPA), publicly acknowledged by BEL, BECOL and the government, who all deny that this new agreement has been finalized, was entered into in 1996. It obliges BEL to pay BECOL for a minimum of 85 gigawatt-hours of electricity each year, whether it receives it or not. Since 1996, BEL has received, on average, 71 GWh annually.

BEL argues that with Chalillo, both the power generation capacity from hydro and the output from Mollejon would be improved. The new PPA would, however, oblige BEL to take all energy produced by BECOL at a lower cost to BEL. BEL cannot guarantee, however, that the total cost of electricity to consumers would go down in reality, and maintains that without Chalillo, electricity rates to consumers would become higher in years to come.

Opponents have said that since the Government, which would have regained control of the facility in 2036, would do so in 2051 under the new agreement, it would cost the Government about \$225 million in revenues because of the 15-year extension of Fortis' monopoly.

Fortis bought 95% of BECOL in January, 2001, for \$124 million and has argued that the extension is necessary to ensure that its investment would pay off, and to allow them to repay its commercial loans for the Chalillo project.

Musa told us the important thing is that we have reliability first, then have low cost, echoing the same argument posed to us by Fortis' representative quoted in our front page article of July 29, 2001, entitled, "Somebody's Gotta Pay."

Energy needs established

Our growing energy demand is consistent with our growing economy and a growing population. BEL reported last year that energy sales grew by 13%

higher than the reported annual average of 10 to 12%. By 2012, Belize will need at least 80 megawatts (MW) of power generation, based on BEL forecasts released last year. This is double the present demand.

It is unlikely that Mexico, expected to face serious problems in meeting its own national energy demands within the next few years, could sell us more energy. We must, therefore, find sound ways to meet our rising energy needs, from within our borders, if possible.

Currently, Mexico supplies 48% of our electricity needs; diesel provides 16%, while hydro provides the remaining 36%. With Chalillo, claims BECOL, Mexico will make up 23%, diesel 14% and hydro 63%. BEL is also planning to add gas turbines and possibly, co-generation from the sugar industry within the next few years.

(Ed. Note: Amandala will promote wider discussion between the pro-Chalillo and anti-Chalillo camps by publishing contributions that are not necessarily from the established "experts." Our addresses are amandala@bt.net, and P. O. Box 15, Belize City, Belize, Central America.)