

MACAL RIVER CHALILLO PROJECT (MRCP)

The Macal River Chalillo Project is for a proposed construction of a holding reservoir for the second stage of the Macal River hydro-electric project. The new reservoir will greatly enhance the output from the Macal River from 85 gwh (85 million watts) to 162 gwh (162 million watts).

Engineering and environmental advice presently available to the Government of Belize show that the upper Rubber Camp is not a recommended site for the building of the reservoir. The Government of Belize has therefore decided not to pursue the Rubber Camp site but rather to complete the Feasibility Study for the lower Chalillo area of the Macal River.

All aspects of this project will be thoroughly examined on an on-going basis to keep both the national and international communities informed on its progress, along environmentally acceptable guidelines and to ensure transparency and continuing dialogue with the public and other parties concerned, on relevant issues.

The Prime Minister's Office and the Ministry of Budget Planning and Management, Economic Development, Investment and Trade, working in collaboration with the MRCP team headed by Mr. Louis Lue; expect maximum input from the Ministries of Tourism and the Environment (Department of the Environment), the Ministry of Public Utilities, NGOs including the Belize Audubon Society, Programme for Belize and others, as well as from the private sector organizations who are stakeholders in a protection of the environment, the tourism industry and in the development of a reliable source of cost effective energy generation to promote the economic and sustainable development of Belize.

The Project Office of the MRCP, with the assistance of a team of engineers, has already begun to address some of the concerns submitted from the public for consideration.

In considering the development of this new hydro-power facility at Chalillo three key factors are relevant to the total equation:

- (1) The Environmental Impact and the mitigating factors to safeguard the environment;
- (2) The Economic Impact on the nation and the people; and
- (3) The Social Impact - the implications for attracting more industries to create

more employment and the reduction in utility rates, including electricity.

BRIEF:

- The proposal is to build a new dam at Chalillo along with a power house engine and two turbine generators with a maximum generating capacity of 6.3 megawatts. This is necessary to ensure maximum output from the Mollejon hydro-electric dam so as to make the original investment viable. This was a part of the original blue print for this hydro project.

- The Government of Belize is committed to promoting the construction of this dam and power house. It is pursuing serious discussions with third parties for the construction of the dam and reservoir as an up-stream storage facility.

- The alternative is for the Government of Belize to seek available sources of funding at low interest rates to build the new reservoir. Development funding is available.

- The feasibility study is now being completed, but there are clear indications that the investment is economically sound. The economics of the project seem clear cut depending on the cost of constructing the dam. It is expected that the cost will be US\$20.4 million (about BZ\$41 million). The original cost of the Mollejon was US\$60 million.

The Government of Belize is committed to the implementation of a National Electric Power Policy as part of a national grid system which is continually being expanded. This is based on a study on a renewable sources of energy which was commissioned in 1990 by Belize Electricity Limited and prepared by the Canadian International Power Services Incorporation.

This study was preceded by a United Nations Study on the use of alternative sources of energy done for the Government of Belize in 1989. Recommendations included the possibility of producing electrical energy from bagasse from the sugar industry as well as from citrus waste.

Both of these recommendations are being actively pursued with the expectation that with investments in this form of co-generation of electricity these plants will be connected to the national grid.

The extent of private enterprise interest is still being explored. Belize Sugar Industries have been in discussions with Flo-Energy, a Division of Flo-Sun of Florida for the co-generation of electricity from bagasse. This is a viable proposition, but the tariff structure proposed to BEL by Flo-Energy has to be re-examined. This option is still open and continues to be explored by BSI with BEL's continuing interest.

However, at the time of the negotiations for the construction of the Mollejon hydro-station, this technology for co-generation of electricity from bagasse was not available to Belize simply because we did not at the time have the capability for the transfer of technology. BSI continues to be interested in producing electricity from bagasse. The industry produces 300,000 tons of bagasse each year. Co-generation from this high volume of bagasse production could result in surplus electricity output after meeting the sugar industry's demand estimated at eight megawatts. This surplus would be fed into the national grid.

This would be consistent with the national long term objective of the government as well as being a part of the national policy.

It is also timely as BSI and the sugar industry are at the cross roads of development for sugar production with the changing markets and the changing price structures.

With the Commonwealth Development Corporation's purchase of the Citrus Company of Belize, co-generation of citrus waste continues to be explored.

The waste from these industries have been raising some environmental concerns.

At present Belize Electricity Limited also purchases electricity from Mexico. Another national objective is to develop an adequate supply of electrical energy rather than to continue to rely on out-of-country sources. Also to be figured in the equation, is that Mexico's demand for electricity is exceeding supply. The Government of Belize has a 15-year agreement with Mexico for the purchase of electricity during their low period of supply and demand. This contract will expire in 2012. The purchase of electricity from Mexico during peak periods is prohibitively high at US 21 cents per kwh.

However, Chalillo will assure greater efficiency from the output from Mollejon. This will safeguard us from paying a high price for electricity from Mexico during the peak periods of the day at this rate with the possibility of the inflation factor.

Another risk factor is purchasing electricity from Mexico - our good neighbours in the North, is the political risk, which while this is not a factor and is unlikely to become one, must be taken into consideration to safeguard the best interest of the people and the nation of Belize.

- Present consumer demand is growing conservatively at a rate of 6.5 percent per year. To meet this growing demand, electrical output is being upgraded from 200 million kilowatts to 250 million kilowatts within the next three to four years. In addition to this, exploratory talks have been held between officials of the National

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Belize Social Security Board News Release

The Belize Social Security Board is pleased to announce the new opening hours for its offices countrywide.

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