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Belize needs a free energy market, not more dams

BY GRAINNE RYDER

Fortis, a Newfoundland-based power company, is creating havoc in the tiny Central American country of Belize. To build a wildly uneconomic hydro dam in the rain forests of Belize, Fortis is using its monopoly powers to shut out local power producers, keep out imported Mexican power, deny Belize consumers low-cost power and undermine Belize's fastest growing industry, ecotourism. Fortis, brandishing a report paid for by the Canadian International Development Agency, Canada's national foreign aid agency, touts its scheme as Belize's most economical option. But the CIDA document, which was kept secret until its release was forced under Canada's Access to Information Act, turns out to be a mishmash of analyses that, if anything, disproves Fortis's claims. If built, the Chalillo dam, with a paltry generating capacity of 7.3 megawatts,

would stand 50-metres high and flood a remote stretch of Belize's Macal River. The dam's main function would be water storage for a chronically underperforming hydro facility further downstream, known as Mollejon. Fortis bought this 25-megawatt money-loser earlier this year — it barely produces power in the dry season because there is too little water — and now Fortis wants to build a second dam upstream to boost the first dam's output.

The price of power from these dams is well above the market rate but that doesn't upset the buyer of the power, Belize Electricity, a state-protected electric monopoly. Fortis is the majority owner of Belize Electricity, which can pass on the cost of its both dams to its captive ratepayers.

Ratepayers will be hard hit by this maneuvering. Belize Electricity will be paying Fortis nearly US9 cents per kilowatt-hour for the additional output from the dams when the utility could be import-

ing more reliable electricity for half that price from neighbouring Mexico, which already provides roughly half of Belize's electricity supply. Belize's existing private power producers could also undercut Fortis's price, if only they were allowed to: Under current regulatory rules, they are barred by Fortis from supplying the grid except during peak power periods. Other producers, too, would enter the field, if only they were allowed. Belize's sugar industry produces enough sugar waste to generate twice as much power as Chalillo in a bagasse-fired cogeneration plant, and for as little as six or seven cents (US) per kilowatt-hour.

Thanks to Fortis's monopoly, Belize consumers now suffer power rates two to four times higher than Mexico and other Central American countries: Belize Electricity, in a sweetheart deal, buys the Mollejon Dam's output for almost US10 cents per kilowatt-hour. That's US\$2.3-million too much, calculates Ambrose Tillett, a former senior hydroelectric en-

gineer with the utility. When Mollejon doesn't work — as happens every dry season — ratepayers are on the hook, not Fortis.

Fortis claims that hydro power would be more reliable than Mexican imports, but it forgets that Chalillo isn't in Newfoundland, it's in the tropics, where chronically underperforming and unreliable hydro dams are the norm. Mexican electricity is not only cheaper, it comes from some of the world's most reliable power plants using clean natural gas and state-of-the-art combined cycle technology.

Not everyone in Belize has been duped by Fortis. There are signs that public and political support for its monopoly is eroding rapidly. Jorge Espat, Belize's Minister of National Security and Economic Development, recently lambasted the government for its "conversion of public assets into private unregulated monopolies," referring to unregulated Fortis and the newly-privatized water utility. The country's alliance of conser-

vation groups — which opposes the Chalillo dam — has complained to Belize's Public Utilities Commission that Fortis used its insider position with the national utility to gain "fast-track approval" for its preferred project, Chalillo. And *Belize Reporter* columnist, Meb Cutlack, one of the country's most outspoken critics of Chalillo, writes that Fortis's monopoly is an "expensive evil" that will keep Belizeans poor and hurt the country's ecotourism industry.

The way to lower rates, improve service to the poor and save the Macal River Valley from destruction is competition, argues Tony Garel, chairman of a national Belize environmental coalition, that will be at Toronto's Stock Exchange tomorrow, asking why a Canadian company is trashing Belize's chances for free power markets. He wants Belize's Public Utilities Commission to abolish Fortis's monopoly and introduce competition in electricity generation. In the meantime, Fortis should see the writing on the wall and call off its bulldozers.

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