

Fortis faces lawsuit over Belize dam

When Fortis shareholders gather for their annual meeting in St. John's today, they can expect good news about their company's performance. Earnings for Fortis are up for the second year in a row and its newly acquired electricity business in the tiny Central American country of Belize is making a killing.

The bad news is that Fortis's profitability in Belize depends on a monopoly power deal that Belizean consumer and environmental groups are now challenging in court.

In a deal struck with the Belize government in January, Fortis would be guaranteed hydro revenues of more than \$500 million US over the next half-century by charging Belize consumers about twice the market rate for power, making it one of the most expensive private power deals anywhere.

The lawsuit, brought by a public interest coalition known as BACONGO, alleges the Belize government violated the country's electricity law by approving its hydro deal with Fortis, without a proper competitive bidding process or public hearings.

Fortis is the majority owner of Belize Electricity, the country's monopoly buyer and distributor of electricity. Fortis also owns the Belize Electric Co., which operates the country's only hydro facility, Mollejon, and wants to build the Chalillo dam upstream to boost the first dam's output.

Even though Belize Electricity could buy cheaper power from Mexico or local producers, it opted instead to expand the Belize Electric Co.'s hydro business.

Escaping responsibility

This deal also allows Fortis to profit without taking responsibility for the known financial and environmental risks associated with its hydro operations. So if anything goes wrong — if Fortis underestimates the cost of construction or overestimates the dam's reliable output, or if the operation of the dams cause damage to people's property or livelihoods downstream — those costs are borne by customers and taxpayers, not Fortis.

Then there's the environmental impacts.

Fortis's consultants have warned the Chalillo dam would cause major disruptions to wildlife and to the river's flow and ecosystems but, under the terms of the deal, Fortis would get monopoly rights to the Macal River without any liability for environmental damages.

Belize's Supreme Court has agreed to hear BACONGO's case this summer. Whatever its outcome, the lawsuit sends an unmistakable message to Fortis.

Wherever they do business today, Canadian multinational corporations can not expect to profit from environmentally damaging and uncompetitive projects with impunity, and without a legal battle.

Belizeans are prepared to fight to protect the Macal River and to get competitive electricity services they deserve. Fortis should adapt accordingly.

Robert Kennedy

Natural Resources Defense Council

Grainne Ryan

Probe International

Toronto

May 15, 2002

Chalillo dam threatens unique environment

With the annual Fortis shareholders meeting in Newfoundland upon us, I would appreciate the opportunity to comment about the area in Belize that would be destroyed if Fortis's plans to develop the Chalillo dam are realized.

I just returned from a two-week biological survey in this area, and Fortis shareholders should be aware of the unmatched natural history this river valley supports.

My research partner, Eligorio Sho, a Maya Indian (and on his way to Newfoundland to voice his opposition to this hydro project), and myself, documented nest sites of one of the rarest birds remaining in Central America, the scarlet macaw.

All five of these nest sites would be drowned by the development of the Chalillo dam. Mr. Sho and I, after years of research, believe that no more than 150 scarlet macaws remain in our country. These nests are vital to their continued struggle to survive in the wild.

After watching these birds, catching glimpses of their behaviour — the result of thousands of years of evolution — and knowing their future would be doomed, I now want to ask Fortis and

its shareholders: why do this to Belize?

We are a nation that depends upon a healthy base of natural resources to empower our economy. Why do you want to weaken the cornerstone of our economic stability?

Why should we compromise our natural resources for a hydro project which is economically and environmentally unsound?

On this same trip, we came upon an undocumented Maya ruin. My Maya Indian colleague stood at this ancient site, a place of his ancestors. I could feel his emotion, knowing this cultural treasure, too, would be lost forever should the dam go forward.

Do know this: the Chalillo dam makes no economic sense for Belize. This dam would weaken the natural integrity of Belize and it would destroy important cultural heritage in our country.

Also know that those of us who live in Belize and care about the future of this developing nation will continue to oppose the Fortis dam.

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director

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